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# ALLEVIATING UNEMPLOYMENT

*A. Report*

*by the*

PENNSYLVANIA  
COMMITTEE ON  
UNEMPLOYMENT

*to*

GIFFORD PINCHOT  
GOVERNOR

HARRISBURG, PENNSYLVANIA

1931

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Pinchot

COMMONWEALTH OF PENNSYLVANIA  
GOVERNOR'S OFFICE

*Harrisburg, Pa., February 10, 1931*

TO THE HONORABLE, THE MEMBERS OF THE GENERAL ASSEMBLY OF THE  
COMMONWEALTH OF PENNSYLVANIA:

I have the honor to present herewith a report just submitted to me  
by the Pennsylvania Committee on Unemployment.

GIFFORD PINCHOT

245955

# THE HISTORY OF THE PENNSYLVANIA LEGISLATURE



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## LETTER OF TRANSMITTAL

Philadelphia, Pa., January 17, 1931.

Honorable Gifford Pinchot  
Governor-elect of Pennsylvania  
Harrisburg, Pennsylvania

Sir:

Your committee on unemployment presents herewith our recommendations pertaining to administrative and legislative measures that we believe will alleviate some of the distress incident to this and to succeeding depressions. In this report we have endeavored to cover the essential items mentioned in your letter of invitation to membership, copy of which is presented in our report.

Your committee was also made the Pennsylvania Committee on Unemployment in the present crisis. We feel that our work in this endeavor is but well begun. We have created a county committee in every county of the State where a county-wide committee was not already at work. These county committees have made surveys of the need for relief in all parts of the county, and some urgent need has been discovered in sections not covered by agencies theretofore existing. These committees are cooperating with your State committee in pushing public works, particularly in the Spring of 1931. We believe that a determined and united effort to concentrate all public works possible during March, April and May will push industry permanently out of the present depression, so that private industry will be taking over its full activities by Autumn.

These committees are also cooperating in urging private employment by the householders in the State, by stimulating building construction where that is advisable and by suggestions as to stabilizing local industries.

We believe this work should be continued for the coming months.

Respectfully submitted,

CLYDE L. KING, Chairman  
PAUL H. DOUGLAS, Secretary  
MARY ANDERSON  
JOHN B. ANDREWS  
J. C. BENEDICT  
JACOB BILLIKOPF  
PHILIP DAVID BOOKSTABER  
ROBERT F. BRINTON  
MARVIN E. BUSHONG  
MORRIS L. COOKE  
JAMES R. COX  
L. H. DENNIS  
KARL deSCHWEINITZ  
AGNEW T. DICE  
JOHN W. EDELMAN  
JAMES A. FOX  
LEONARD P. FOX  
C. J. GOLDEN  
HON. JOSEPH R. GRUNDY  
HELEN HALL  
MICHAEL HARTNEADY  
C. B. HELMS  
WILLIAM W. INGLIS  
CHAS. FRANCIS JENKINS  
FRANCIS I. JONES

JAMES E. KELLEY  
MRS. J. FRENCH KERR  
HON. CHARLES H. KLINE  
A. ESTELLE LAUDER  
MORRIS E. LEEDS  
HON. HARRY A. MACKEY  
WILLIAM J. MAGUIRE  
HON. WILLIAM D. MANSFIELD  
LOIS D. McBRIDE  
CHARLES C. McGOVERN  
HON. D. GLENN MOORE  
J. PRENTICE MURPHY  
P. M. NEWMAN  
JOHN A. PHILLIPS  
ELLEN C. POTTER  
JAMES W. RAWLE  
CHARLES REITELL  
MRS. SAMUEL SEMPLE  
ETHELBERT STEWART  
WM. R. STRAUGHN  
J. W. VICKERMAN  
JOSEPH H. WILLITS  
LEO WOLMAN  
ROSS PIER WRIGHT  
JAMES T. YOUNG

**LETTER OF INVITATION TO MEMBERSHIP  
ON THE  
PENNSYLVANIA COMMITTEE ON UNEMPLOYMENT**

Milford, Pa., October 10, 1930.

Dear—:

Unemployment has now become our most immediate problem. No class gains from it; all classes lose by it.

Unemployment creates fear. The workers can never breathe easily so long as this menace hangs over them. No state can really be prosperous when a large percentage of its citizens are unemployed. Our own state of Pennsylvania should not be the last to grapple with this problem; it should be among the first.

I am asking you, therefore, as part of the plan for a Greater Pennsylvania, to serve as a member of a committee to report to me not later than January 1 next on how the amount of unemployment may be reduced and how the condition of the unemployed and their families may be alleviated. I want the specific advice of the Committee as to what I, as Governor, can do, what the Legislature of Pennsylvania can do, and what all men and women of good-will can do in this matter.

I suggest that the following subjects among others deserve your attention:

**1. Seasonal fluctuations in demand for work.**

Seasonal irregularities of demand create much unemployment. Despite this fact, several hundred employers, including many in our own state, have been fairly successful in regularizing their production and consequently their employment. I should like to have you consider the methods they have used, including attempts to change consumers' demands, to produce for stock under planned and budgeted schedules, to develop side lines, and to make working hours more flexible. The employers of Pennsylvania are peculiarly concerned with this phase of the problem.

**2. Employment Agencies.**

The practice of the private employment agencies and the relative efficiency of public agencies are here involved. Your recommendations toward enabling workers to find such work as is open more easily and more economically are especially desired. The present chaotic methods should give way to better and less wasteful means of bringing workers and jobs together.

### **3. Unemployment due to changes in markets and manufacturing methods.**

We can not turn back the clock of progress but we can see to it that the innocent shall suffer as little as possible because of the forward march of society. I ask you to consider whether our school system should be redirected to make young men and women industrially more flexible in a changing world, and how displaced adults can be re-trained for other jobs. In particular I would like you to report on whether other industries can be introduced in certain of the soft and hard coal areas of the state, and how the farmers can be protected against their present hardships.

### **4. A planned program of public work.**

Should such a program include not only the federal government and the state, but the municipalities and counties as well? Can it be speeded up as private business falls off? If so, how should such a program be laid out and administered in Pennsylvania.

### **5. Stabilization of incomes during periods of unemployment.**

It is highly improbable that unemployment can be entirely eliminated in the predictable future. Therefore, stabilization is necessary to protect families against want and to furnish that purchasing power which is needed to keep industrial establishments running which otherwise would be closed. I ask you to consider this also.

There are many other features of this question which will command your attention.

In conclusion let me say how much I shall appreciate your public spirit if you consent to serve. To remove insecurity from the lives of the workers and from industry as a whole is one of the greatest and most fundamental tasks of modern civilization.

*Sincerely yours,*

*(Signed)* GIFFORD PINCHOT

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## INTRODUCTION

### Summary of Recommendations

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Bringing our recommendations for specific action by the State of Pennsylvania together, we may summarize them as follows:

- I. Full efforts on the part of the State Department of Labor and Industry to stimulate private employers to stabilize their production and employment as completely as possible. The suggested means of accomplishing this to be by (a) conference, (b) consulting services of a properly qualified engineer or business man.
- II. A public works program for Pennsylvania which will include:
  - (1) The immediate preparation of a building program for State institutions of approximately \$10,000,000. This bill should be passed in the early days of the session and work started as soon as possible with the bulk of construction to be concentrated in 1931 rather than in 1932.
  - (2) The transfer of \$10,000,000 from the General Fund to the Motor License Fund and immediate pushing of highway construction.
  - (3) The requirement that contractors on State work should pay the going rate of wages with adequate inspection and penalties for violation. Preference in such employment to be given to residents of Pennsylvania.
  - (4) The submission of a constitutional amendment giving to the local governments and the State under proper safeguards more flexible bonding power for public works when an unemployment emergency is declared by a majority of a committee composed of the Governor, State Treasurer and Secretary of Internal Affairs.
  - (5) The creation of a long-range planning board for public work operating in terms of six-year programs.
- III. The improvement of the public employment offices of the State by:
  - (1) The purging of unfit members of the staff and their replacement by qualified persons with educational training and previous employment and trade experience.
  - (2) The building up of strong co-operating committees for each of the offices which would have real powers in helping to select the local superintendents and in guiding local policies and would be somewhat comparable to boards of directors.
  - (3) The more strategic location of the offices themselves.

- (4) A thorough attempt to follow up the workers who have been placed in order to improve the quality of service given.
- (5) A much greater degree of solicitation of employers in order to obtain more requisitions for labor.
- (6) An energetic system of stimulating the work of the local offices through the work of a field agent for the State and conferences of the local superintendents.
- (7) A better grading of the staff of the offices and the establishment of salary scales and promotional systems.
- (8) The establishment of an adequate system of clearance.
- (9) The establishment of more uniform records and of a more accurate system of determining placements.
- (10) The allocation of offices to meet the public needs.
- (11) The attempt to secure financial aid from private sources in setting up model employment agencies in Philadelphia, Pittsburgh and possibly elsewhere.
- (12) The granting of increased funds for the public offices once they have been improved. The recommended sum for each year of the coming biennium would be a total of \$200,000 or \$100,000 more than is now being expended.

IV. The better regulation of the private employment agencies. We favor the enactment of legislation which embodies the following features: (1) Licensing only those private employment agencies for which there is a public need. (2) Enlarging the definition of private agencies so as to include those who solicit jobs by mail. (3) Raising the license fees to \$200 a year and increasing the bonds to \$5000. (4) Providing that all licenses shall expire on a given date so that the Department of Labor and Industry will have a chance to survey the whole situation. (5) Giving to the Department of Labor and Industry the power to revoke a license for cause. (6) Making the reasons for revoking a license more explicit. (7) Prohibiting the imposition of a service or registration fee for which no service is rendered. (8) Requiring each private office to make a monthly report on the numbers placed and total fees received. We also believe that no agency should charge a fee for placing labor on public work.

#### V. Education.

- (1) A stricter regulation of the conditions under which employment certificates are issued. (2) Greater flexibility in high school and vocational training. (3) The development of foreman training classes and appointment of district directors of industrial education. (4) The encouragement to communities to put their part-time continuation schools upon a half-time basis with an increase of State aid. (5) The establishment of special schools in mining districts to prepare workers more effectively for mining and other industries. (6) The establishment of extension classes for the unemployed.



(7) An increase in the program of adult education. (8) The distribution of a State equalization fund of approximately two million dollars, for vocational and extension classes in the mining and industrial, and rural schools, and distressed school districts. (9) Attempts to limit number of teachers trained in proportion to the demand. (10) Further research in certain fields such as Negro education and the curriculum.

#### VI. Relief.

- (1) The vigorous functioning of committees in every county of the State to stimulate aid to the needy unemployed. (2) The ultimate creation of integrated county welfare units.

#### VII. Unemployment Reserves and Insurance Against Unemployment.

Measures for the stabilization of workers' incomes are essential to our healthy economic life and, although we are not able to agree on the specific measures through which this should be effected, we commend to your serious consideration and to that of our legislators (if in your judgment it should be submitted to them) the able report of our sub-committee on this subject, printed herewith; and we call attention to a third possibility of voluntary action by employers either as individuals or groups or in cooperation with organizations of employees.

PART ONE

## The General Report

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### REPORT OF PENNSYLVANIA COMMITTEE ON UNEMPLOYMENT

Unemployment involves two main sets of problems. The first is how to reduce its scope to the greatest extent possible, while the second is how to care for those who are unemployed so that they, without losing their self-respect, may experience a minimum of suffering. We propose in our report to point out the specific ways in which the State of Pennsylvania can help to meet each of these two main problems.

There are two major and two minor causes of unemployment. The major causes are the seasonal and cyclical fluctuations in demand and production, while the minor causes are the faulty organization of the labor market and technological and market changes.

#### 1. Seasonal Fluctuations and Unemployment.

The problem of meeting seasonal fluctuations is one which business itself must solve. Insofar as these fluctuations spring from the irregular buying habits of the consumers, which ultimately are swayed by changes in fashion and in the weather, it is probable that a very considerable residue of such seasonal unemployment will continue for a long time to come. But the successful practice of a large number of firms demonstrates that with good management such seasonal unemployment can in many industries be appreciably reduced. The chief methods of seasonal stabilization which have been adopted by these firms are:

(1) Developing demand in the off-seasons by price reduction or by advertising. The latter of these methods is, of course, primarily practicable only for very large companies or for federations of small concerns. (2) Drawing up a sales budget for the coming year, based on past experience and seasoned according to a careful survey of business prospects, and then dividing this yearly quota into either twelve equal monthly fractions or fifty-two weekly fractions. In this way, the surplus of the goods produced in the slack seasons over those sold are stored to meet the excess demand of the busy seasons. This method is the most widely used of all stabilization devices and is capable of much greater extension. It is, however, largely limited to commodities which are standardized and which when stored will not be subject to the danger of being outmoded by the time they are to be sold. (3) Developing side-lines and fillers which can be produced and sold during the off-seasons with substantially the same equipment and the same factory and sales forces. (4) Extending the use of the flexible working week so that within a given yearly total of hours, the length of the actual working week may fluctuate, though not excessively, between

slack and busy seasons. It is better for the same number of men to work a varying number of hours during the year than for a fluctuating number to work a constant number of hours. For in the first case, all the workers get some income at all times during the year and are not tormented by the fear of unemployment while in the second, some are thrown completely out of employment and lose all their income for those periods.

Such methods as these are not only beneficial to the workmen. They are also financially profitable in many industries to employers, for they: (1) provide a relatively steady force and remove the necessity of hiring large numbers of untrained men, with their lowered production and increased spoilage, to meet the seasonal peaks; (2) through attracting, because of the continuous work afforded, a higher grade of artisan than would be available even at higher hourly rates when paid for work done intermittently. Thus stabilization of employment with what may be an actual increase in real wages easily can, and usually does, mean a reduction in production costs; (3) reduce any tendency on the part of workmen to prolong a job in order to be employed for as long as possible. This is a potent source of loss in seasonal employments and when steady work is provided, this fear of working oneself out of a job is greatly abated; (4) reduce the amount of fixed capital needed to turn out a given annual volume of product with a consequent decrease in the capital charges per unit. Where production is highly irregular within a year, business has a large quantity of fixed capital on its hands which is idle during the dull seasons. By leveling the seasonal peaks and valleys, a smaller quantity of fixed capital will be required and costs considerably reduced.

We are, of course, well aware that these methods of seasonal stabilization also entail costs. The method of budgeting production for example, necessarily entails added storage charges and larger interest payments for bank loans with which to finance the holding of goods until the busy season. The experience of several hundred firms which have used such methods demonstrates, however, that where the product is standardized, the workers relatively skilled, capital charges appreciable, and the value per cubic foot of product appreciable, such a program more than pays for itself. Where, however, styles are changeable such a program of budgeted production is, as we have stated almost impossible to carry out while the alternative method of developing side-lines is not always open in such cases.

In the nature of the case, it is private business alone which is in a position to apply wherever practicable these methods of stabilization. But while the role of the State of Pennsylvania is necessarily a secondary one in such matters, it can be of assistance to private industry by stimulating the movement toward stabilization and by offering competent technical advice concerning the best means of accomplishing this end. This it can do by holding a series of conferences in various parts of the State in co-operation with the Manufacturers' Association and the State and local Chamber of Commerce where the practical achievements of specific businesses in coping with seasonal and other problems may be described and popularized. The Department of Labor and Industry, moreover, can and should prepare technically



competent bulletins describing the methods of stabilization which have been used in various industries and give these a wide circulation among business managers who are in a position to take action. Every effort should be made to get various industries such as textiles, the metal trades, etc., to consider through their appropriate organizations the methods which are particularly applicable to meet their especial problems, and the Department of Labor and Industry in co-operation with other bodies should seek to get those industrial associations to take these problems seriously to heart. The Department of Labor and Industry should, moreover, enlist the aid of an unpaid technical staff of competent economists, engineers and business men whose services could be utilized on a per diem basis by individual firms wishing to stabilize. If this work continued to grow, we would advise the ultimate appointment of a special engineer or business executive to the staff of the Department of Labor and Industry whose duty it would be to promote such programs of stabilization and to advise with particular firms about the best methods for them to adopt. It goes without saying, however, that the value of this work would depend entirely on the competence of the staff. A political appointment would injure rather than help the cause of stabilization. It is imperative, therefore, that if and when such an appointment is made, the technical competence of the person finally selected should be approved by appropriate engineering and managerial associations.

The Committee on Regularization by Private Employers under the leadership of Mr. J. W. Rawle and Senator Joseph R. Grundy and with Mr. W. C. Byers as secretary, have already held meetings in Philadelphia and Harrisburg, where the methods of regularization were described and where the two following methods were endorsed for the present emergency: (a) the fostering of plant extensions, betterment, and equipment. (b) the creation of as much employment as possible by shorter shifts and no overtime. The committee has also distributed large quantities of literature urging detailed plans of regularization upon employers and plans to hold future meetings at Pittsburgh, Erie and possibly other centers as well. The energetic action of this committee, whose report is printed in Part Three of this document, is an evidence of the fruitful possibilities for co-operation between government and industry which we earnestly hope may be continued in the future.

## **2. Cyclical Fluctuations and Unemployment.**

The second great cause of unemployment, which probably inflicts more concentrated damage than any other, is that of cyclical fluctuations with their more or less periodic business depressions. The precise causes of these depressions are still almost as mysterious as those of cancer but they are almost wholly outside the power of any one State like Pennsylvania to control and may indeed be outside the power of any one nation. Whatever their causes, they are accompanied by a fall in prices and a diminution in profit margins resulting from the fact that raw materials and labor purchased at earlier and higher price levels must be sold when embodied in finished commodities at later and lower price levels. This shrinkage of profits leads many businesses to

reduce their purchases of raw materials until these have fallen still further in price. But this in turn necessitates decreasing the scale of operations and throws men out of work. These men are consequently not able to buy as much as before and retail stores, wholesale establishments, and factories are unable to sell as much and consequently are compelled to reduce their volume of employment. This continues and intensifies the cumulative breakdown of purchases and of employment which mutually interact and decrease each other. The business depression as it sweeps on is especially severe upon: (1) Industries producing capital goods such as those that are needed not only to meet depreciation but to provide for the growth of industry. When this growth wanes, its effect is felt in a greatly multiplied fashion in those industries producing metals and machinery. Pennsylvania as the center of the iron and steel industry suffers, therefore, very intensely in a period of business depression. (2) Industries whose demand is inelastic and where an increase of 1 per cent. in their quantity is accompanied by a decrease of more than 1 per cent. in their unit price. In the case of these commodities, therefore, a larger total product brings a smaller total price. It is, therefore, but natural that at least three of the most depressed industries in the country, namely cotton, wheat, and coal, should be characterized by an inelastic demand.

In such a business depression, individual businesses can do but little. Advertising is at best open only to the producers of specialty products and even here, it is not always certain that any arresting of the diminution in their sales is not obtained at too great a cost. Moreover, the advantage of one firm is generally gained by still further decreasing the sales of the competing firms and hence is no general solution to the problem. About the most which individual firms can do is to distribute the amount of diminished employment in such a way as to cause the least hardship. Our sub-committee on the Regularization by Private Employers has given wide publicity to its advice that such employment as is available be staggered in the form of part-time for all, rather than full-time for some and complete unemployment for the remainder. It has urged employers that if they find it absolutely necessary to lay men off, those with families and dependents should be retained. Another sub-committee has sought to stimulate consumers to buy more commodities and thus help to check the depression.

Without going too deeply into the intricacies of business depressions, we believe that their severity would at the very least be lessened appreciably if the general price level could be stabilized, and profit margins much more generally maintained. Since under the gold standard, world price levels must move up and down together it follows that there must be some form of international co-operation in matters of money, credit, discount rates, etc., if stabilization is to be effected. While the State of Pennsylvania cannot initiate any such international action, we nevertheless, can and do urge that the national government should co-operate with the other nations of the world in the working out of such a policy. Such action would be all the more imperative if the world's production of goods were to increase more rapidly than its production of gold.

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### 3. A Planned Program of Public Works for Pennsylvania.

The chief way in which governmental agencies can cope with business depressions is, of course, by the stimulation of public works. We have conducted a survey of the amount of building and construction which the various State and local bodies are planning, the results of which should be available soon. In the local committees on unemployment which are being set up under our auspices in all the counties of the State, one sub-committee is addressing itself to the stimulation of needed local works which may be undertaken both to fill public needs and to benefit the unemployed.

Our Sub-Committee on Public Works has gathered data from all the local government units on the amount of building which they plan to conduct during the coming years which will furnish a valuable basis for future follow-up work. It has also urged all of these local units to carry on as much building as possible during the present depression.

It is, of course, highly important both that vigorous action be taken at once and that plans be worked out for the future. We believe that the following steps should be taken by the State:

(1) The immediate preparation of a building program for needed State institutions to amount to approximately \$10,000,000. The final appropriation of this sum should not be delayed until the biennial budget is finally passed in the late spring but should be made a special order of business during the early days of the session and passed before the middle of February. Plans should be drawn and contracts let at the earliest possible moment. We believe it is probable that business conditions and employment will be better in 1932 than in 1931 and that it is, therefore, wise to concentrate by far the major portion of this expenditure in this year rather than to distribute the available sums evenly between the two years of the biennium.

(2) The immediate authorization by the legislature of a temporary transfer of \$10,000,000 from the general fund to the motor fund so that added work on a large scale may start rapidly along this line as well. This money should be expended in accordance with the general highway plan of the State and also to help carry out your announced policy of lifting part of the burden from rural districts by taking over from them the support of a large mileage of strategically situated roads.

By this program of highways and buildings, the State would contribute \$20,000,000 to the fund of available work and at the same time obtain needed public works.

(3) That not only should a clause be inserted in all contracts compelling the contractor and sub-contractors to pay the going rate of wages but every effort should be made to see that this is actually done. A penalty clause might well be inserted in every contract compelling every contractor who violates such an agreement to pay liquidated damages to the State. The contractors should also bind themselves to preference in employment to residents of Pennsylvania, and the bringing in of labor from outside the State to fill those jobs which could be equally well filled by Pennsylvanians should be rigidly discouraged.



(4) That in order to give the State and local governments greater power in the future of initiating public works in periods of acute unemployment we favor a constitutional amendment which when, and as long as, the majority of a board composed of the Governor, the Secretary of Internal Affairs, and the State Treasurer declare an unemployment emergency to exist will then permit: (a) the local authorities to increase their bonding capacity without authorization of the voters from two to two and one-half per cent. of the assessed valuation and with the vote of the people from seven to eight per cent. Where, as in the case of Philadelphia, the limit is 10 per cent., this can be increased to 11 per cent. It should be carefully provided, however, that these additional bonds can only be spent for those purposes which are approved by the long-range planning board for public works described in the next paragraph. The bonds should not run for more than ten years, which is approximately the general span of time between major depressions.

(b) The State to borrow for public works an added \$100,000,000 in addition to the sum now allowed for highways. This provision should, however, be guarded in such a manner that the total amount of such emergency bonds outstanding at any one time should not exceed \$100,000,000 and should not be issued for more than twenty years. Suggested drafts for such constitutional amendments are submitted as Appendices A and B.

(5) That a long-range planning board for public works should be set up with a competent executive officer which will prepare a six-year plan of projected public construction by the State and the local bodies. This plan should be revised every biennium and thus always projected six years into the future; it should list the specific pieces of work to be undertaken, the time schedule to be followed for the same, and should hold a considerable proportion in reserve to be launched during periods of depression. The plan should be under the general charge of a committee which would include: (a) representatives of the State government, (b) representatives from the principal municipalities and counties so that the local units could be induced to prepare similar plans and integrate them with those of the State, (c) two or three representatives of such professions as architecture and engineering and such industries as construction, (d) a full-time, adequately paid and competent executive officer who would put vitality into such a board and who would see to it that the work was really done.

The work of this State planning board should in turn be integrated with that of the proposed Greater Pennsylvania Council. One way of accomplishing this would be to attach the Secretary as a member of the latter body.

It should be emphasized in the preparation of this six-year planned program for public construction that the plans for the projects which are to be held in waiting for the outbreak of a depression should be drawn very far in advance and that in many cases bond issues should be authorized.

(A suggested draft for a bill authorizing such a Board is printed as Appendix C.)

#### 4. The Better Organization of the Pennsylvania Supply of Labor.

##### A.—A GENERAL ANALYSIS.

Unemployment is also increased by the defective organization of the supply of labor. Although centralized exchanges have developed for most commodities which greatly facilitate their purchase and sale, the marketing of labor is about as chaotic in this State as it is elsewhere in this country. Workmen tramp from establishment to establishment seeking work with a great loss of time and effort. Not knowing what conditions are, they frequently leave one city to go to another where unemployment is just as great. Individual businesses, lacking any central labor reserve to draw from, try to maintain their own labor reserves to meet their busiest days and seasons. But since these busy days and seasons do not coincide, the result is a duplication of reserve which causes some labor to be idle even at the busiest period for society as a whole. In addition to all this there is inadequate vocational information for boys and girls entering industry with the result that many enter declining trades when their industrial future is unpromising, and where they clog the labor market and increase the amount of unemployment. In this confusion, a large number of private employment agencies have grown up. Some of them are managed by high-minded persons but there is always a great temptation to take advantage of those out-of-work men and women who so badly need work. Fees are, as we shall show, customarily high and the splitting of these fees with foremen not unknown. Advance fees are sometimes collected from workers who are then tired out by being referred to a series of jobs and who find it difficult to get this money returned. Still worse abuses exist in the case of many commissary companies which furnish unskilled labor for jobs and which board the workers while they are on them. The State regulation of these offices has, as we shall see, been greatly weakened in recent years, and is now grossly inadequate.

The better organization of the supply of labor involves, therefore, two main steps: (1) the improvement and extension of the system of public employment offices and (2) the more stringent regulation of the private employment offices. The State of Pennsylvania can make one of its greatest contributions to the reduction of unemployment by resolutely pushing these two lines of effort.

An efficient and co-ordinated system of public employment offices could greatly improve the situation (1) by lessening the time workers lose between jobs and reducing the amount of duplicate interviewing on the part of employers. (2) By pooling the labor reserve, it would make it possible for individual employers to call upon the system for aid in meeting their peak loads and hence would lessen the practice of maintaining separate and duplicate reserves. These labor surpluses could then be released for other industries. (3) By furnishing the oncoming generation with more correct information about vocational opportunities, it could assist in better distributing the labor force to the actual openings and hence decrease unemployment. (4) By furnishing special services, after the public offices are firmly established, to particular groups of workers such as the young, the aged, and



women. (5) By helping to regulate and to stimulate the efficiency of the private offices through the sheer pressure of competition and of good service.

#### B.—THE PUBLIC EMPLOYMENT OFFICES OF PENNSYLVANIA AND SUGGESTIONS FOR THEIR IMPROVEMENT.

Such are the general advantages of an adequate public employment service. We must, however, be frank to say that the present system of public employment offices is very defective. Nor is Pennsylvania an exception to this general rule. The State maintains employment offices in no less than 13 cities and during the last fiscal year expended approximately \$99,000 for the work. In our opinion, however, the people of Pennsylvania are not receiving an adequate return for the amount expended.

While we realize that per capita placement costs are not the sole test by which the comparative efficiency of the various State systems can be measured, we do nevertheless believe it to be significant that they are higher in Pennsylvania than in any other of the chief industrial States as is evidenced by the following table:

State	Year	Number of Offices	Total Appropriations (state and local)	Total Placements	Average Cost per Placement
Wisconsin .....	1929	10	\$58,081	101,183	\$0.57
California .....	1928	10	84,895	144,516	0.59
New Jersey .....	1929	7	76,500	120,572	0.63
Ohio .....	1929	12	155,324	137,538	1.13
Connecticut .....	1928	8	50,000	29,867	1.71
New York .....	1929	11	188,309	100,171	1.88
Illinois .....	1929-30	20	266,080	135,909	1.96
Massachusetts .....	1929	4	68,841	30,157	2.28
Pennsylvania .....	1929	9	99,000	41,997	2.31
Total .....		91	\$1,047,030	842,910	\$1.24

The per capita costs in Pennsylvania are, therefore, approximately four times as great as they are in Wisconsin, California and New Jersey. What then can be the possible reasons for this great disparity? Is it for example perhaps due to greater care in determining whether or not a placement has actually been effected? It is true that Pennsylvania does not count placements of the same worker for more than one casual job in the same week, and hence is perhaps slightly more severe in its classification on this score than the majority of other States. It is, however, also true that since in a large percentage of the cases the employers do not notify the offices when they engage a worker sent to them, that it is necessarily difficult to tell just how many of those referred are actually placed. The figures of the State offices are at best, therefore, somewhat in the nature of an estimate and probably tend to overstate the numbers actually placed. In Wisconsin on the other hand only those placements are counted for which a definite report has been made by employers or employees, while in New Jersey a great deal of effort is expended in actually determining whether or not a placement has actually been made. If statistics of actual placement could, therefore, be obtained it is probable that the difference in

placement costs between Pennsylvania and Wisconsin would be greater rather than less.

Is the difference then due, as it is sometimes said, to a greater predominance of skilled labor among the Pennsylvania placements upon whom more care must necessarily be expended and whose per capita costs will necessarily be greater? In Pennsylvania in 1929, 22,869 or 55 per cent of the total number of 41,997 who were reported as "placed" were listed as "unskilled, casual, or day workers."<sup>1</sup> There were in addition probably many other unskilled workers among those listed in the occupational classes of "manufacturing," "building and construction" and "miscellaneous." If the miscellaneous group is added to the "unskilled, casual and day worker" group the total number placed in 1929 would amount to 25,403 or 60 per cent. of the total placements. In addition 4,410 placements or about 10.5 per cent. of the total were listed as semi-skilled. This should be compared with the records of the following other States:

State	Year	Percentage of Common, Casual and Misc. Labor to Total Placements
Illinois <sup>2</sup> .....	1927-28	60%
New Jersey <sup>3</sup> .....	Sept., 1930	51%
New Jersey .....	July, 1928-29	57%
Ohio <sup>4</sup> .....	1929-30	82%
Massachusetts <sup>5</sup> .....	1928	60%
Wisconsin <sup>6</sup> .....	1929	70%
California <sup>7</sup> .....	1927-28	71% Males; 35% females; and 64% both
Pennsylvania .....	1929	60%

It does not seem, therefore, that the difference in costs can be explained by the type of service which the public offices of Pennsylvania give. The percentage which unskilled and miscellaneous labor forms of total placements in Pennsylvania is as a matter of fact slightly greater than in New Jersey where per capita placement costs are only 28 per cent. as great. It is virtually the same as in Illinois and Massachusetts and only 4 per cent. less than in California although the Pennsylvania per capita costs are four times as great. It is only 10 per cent. less than in Wisconsin although here again Pennsylvania spends four times as much for each recorded placement as the former with its better system of records.

<sup>1</sup> Classified Summary Report for 1929 of the Bureau of Employment, Department of Labor and Industry, p 1.

<sup>2</sup> Eleventh Annual Report, Illinois Department of Labor, 1927-28, p. 9.

<sup>3</sup> This figure is for males only. New Jersey Industrial Bulletin, October 1930, p 37.

<sup>4</sup> This for males only. Mimeo. Report, Department of Industrial Relations, Ohio, July 10, 1930, p 1.

<sup>5</sup> Report of the Division of Statistics, Department of Labor and Industries, 1928, p 21.

<sup>6</sup> Telegram from A. J. Altmeyer, Secretary Industrial Commission, January 2, 1931.

<sup>7</sup> Report of State Division of Employment Agencies, 1926-27, 1927-28, pp. 61.

To our minds, these statistics together with the general survey which we have had made of the system by Mr. Charles Reitell and others point the way instead to a level of service and effectiveness greatly below that which should prevail. While there are many efficient and loyal workers in the service there are too many who owe their appointment to political influence and who are inefficient. Others who have good capacities give evidence of being discouraged because of the situation and of despairing of the possibility of doing effective work. With the exception of Erie, the advisory boards required by law have been allowed to lapse and there is little effort to enlist the cordial and organized support of employers. The situation is one which calls primarily for administrative reform rather than new legislation and we recommend the following steps:

(1) The thorough purging of the service of all those who are unfitted for their work and of those who will not devote their full time and their working energies to the upbuilding of the service. The recruiting of the future staff should be so far as possible according to merit principles and only persons with previous employment and trade experience with an educational minimum should be engaged.

(2) The creation in each of the cities where offices are located of strong co-operative committees composed of employers and workers with a representative of the public. These committees should be composed of men who are influential in the industrial world and should be given real powers in order both to retain their interest and to utilize their abilities. We recommend, for example, that after they have been firmly organized that they be given at least the following duties: (a) to advise with the Department of Labor and Industry concerning the appointment of the superintendent of the local office, (b) to help supervise the location and layout of the offices, (c) to aid the development of special sections for particular industries, and (d) to help promote the service among employers.

In order to make these committees more representative we have had a bill drafted (Appendix D) which replaces the present act for such committees. Their efficient organization and work will, however, depend not so much upon this legislation but rather upon the energy and judgment with which the Department of Labor and Industry proceeds to set them up.

(3) The offices should be decently and conveniently housed and readily accessible to the applicants. The present housing of the Philadelphia office upon the ninth floor of an office building should, for example, be discontinued at the earliest possible moment.

The public offices should not content themselves with merely placing applicants but should actively follow them up in order to learn from employers whether or not they have proved satisfactory and to obtain information which will enable the offices to give better service in the future. Such work will incidently give the employers greater confidence in the offices and will enable them to place more and better men.

(4) An active program of soliciting employers for jobs should be carried on and the possibilities of taking over the employment work



for a given industry or group of employers constantly canvassed. We believe that the State office should have a supervisor constantly traveling over the State and at once enlisting the co-operation of employers and inspecting the service. Each local office should, more-over, have a field agent who would visit employers and this work can be a part of the follow-up program advocated in the previous paragraph.

(5) A system of promotion based upon tested efficiency with corresponding salary schedules should be worked out by the Director of the Bureau for the employees of the Bureau. We recommend the following approximate and tentative salary schedule: (a) Superintendents of offices in Class A cities, \$4000, advancing with good service to \$5000, (b) Superintendents of offices in Class B cities \$2500, advancing to \$3500, (c) Supervisor for the State service, \$3000-\$4000, (d) Interviewers and examiners in local offices, \$2400 to \$3000, (e) Field agents in local offices, \$2400 to \$3000.

(6) The improvement of the statistical records of the public offices so that uniformity may be obtained and a more accurate statement of placements secured.

(7) The holding of periodical conferences of the various superintendents and of staff conferences within an office in order to promote the most effective work.

(8) The establishment of an adequate system of clearance between the offices of the State.

(9) The need for additional offices is apparent and we recommend that the whole situation be studied with a view to the best allocation of the available resources to the needs of the State.

(10) An attempt to enlist the aid of certain foundations and private individuals in the establishment of experimental employment offices in Philadelphia and Pittsburgh on terms which will insure their efficient operation for an experimental period of years. In order to remove all doubts of the legality of this measure, we have had a bill drafted authorizing the State to receive grants which is appended as a part of Appendix D.

(11) If a vigorous program such as we have recommended is carried through prior to the beginning of the new biennium of 1931-33, we recommend that appreciable additional funds should be provided. We favor an additional appropriation of \$100,000 a year to be spent for the improvement of the service.

#### C.—THE BETTER REGULATION OF THE PRIVATE EMPLOYMENT OFFICES OF PENNSYLVANIA.

The reform of the private employment offices in the State, of which there were 274 in May, 1930, is also urgently demanded. Not only are the placement fees which they charge in many cases quite high but registration fees are also frequently demanded which the workers find it difficult to recover if they are not placed. Misrepresentation of working conditions has also been practiced and there are strong indications which point to the splitting of fees by some of the

offices with the foremen. This latter practice, of course, causes the foremen to discharge one group of workmen after they have been employed for short periods of time and their replacement by another group of workers. An indication of the abuses practiced is the fact that in 1929 two private employment agents were killed by workmen who felt that they had been defrauded.

The regulation of these private agencies was greatly weakened by the act of 1929 which evidenced the great political power which these agencies then possessed. The present act does not permit the State Department of Labor and Industry to revoke licenses for cause and requires a protracted legal process before the courts before a license can be revoked. The charging of registration or service fees is not prohibited nor are the private offices required to file a record of all placements made. Supervision is made still more difficult by the fact that the licenses do not expire at one time but rather at different times during the year according to the date when the license was originally granted.

In our opinion the regulation of these offices should in the public interest be greatly stiffened and we recommend that the following features should be included in any such program of regulation: (1) Giving to the Department of Labor and Industry and the Industrial Board the power to license only those private agencies which are needed to serve employers, employees and the public. It seems probable that the industries of the State could operate just as efficiently with an appreciably smaller number of agencies than the present 274. In making their decision as to the number needed, the Department and the Industrial Board should take into consideration the degree to which there was overcrowding in the field of private agencies, the employment agencies managed by employers or by workers directly, and the adequacy of the public employment offices. It would be expected that as the efficiency of the public offices increased, the need for the private offices would diminish.

It is believed that such a provision would be held constitutional by the courts for while it is true that the State cannot prohibit private offices from receiving fees from workmen (*Adams vs. Tanner*, 244 U. S. 590) nor indeed regulate the minimum fees which these offices can charge for actual placements (*Ribnik vs McBride*, 277 U. S. 350) the power to license carries with it the power not to license. A license is not a contract nor a vested right. It is in the power of the State to grant or to refuse and the Supreme Court in the case of *Ribnik vs. McBride* did assert the right of the State to regulate, even though it ruled against the power of fixing maximum placement fees.

As a matter of fact, the State of Wisconsin has had such a provision in its law since 1913. As a result of its operations and its administration by the Industrial Commission of that State, the number of private employment agencies has been reduced from 39 to 10. Nor has the constitutionality of this act ever been questioned.

(2) Enlarging the definition of private agencies so as to include those who solicit jobs for applicants by mail. The abuses in this field

have been particularly marked in Philadelphia and it is highly important to bring these agencies indubitably under control.

(3) Raising the license fees for the private agencies to \$200 a year and increasing the required amount of their bonds from \$1000 to \$5000. At the same time the classification of the types of private agencies should be simplified.

(4) Providing that all the licenses shall expire on a given date such as September 30 so that the Department of Labor and Industry and the Industrial Board will be able to survey the whole situation and deal with the applications as a whole instead of being forced to deal with them one at a time.

(5) Giving to the Department of Labor and Industry the power to revoke a license for cause and not subject it to the delay which is now necessary. The proper rights of the private agencies would, however, still be protected by the courts.

(6) Making the reasons for the revocation of the licenses more explicit.

(7) Prohibiting the imposition of a registration fee for which no service is rendered, or agreed to be rendered in the procurement of employment or help for an applicant. Such a prohibition it is believed is also constitutional because the ruling of the Supreme Court in the Ribnik case applied only to placement fees and did not cover registration fees. Since abuses are inextricably bound up with the practice of charging fees before service is rendered, the prohibition of such fees would seem to be within the regulatory powers of the State. There is precedent for such a step in the fact that South Dakota and California already prohibit such fees.

(8) By requiring each private office to make a monthly report on the numbers placed and total fees received. The Department of Labor and Industry will thus be furnished with a statistical record which will greatly aid it in its task of licensing and inspection.

We have drafted a bill embodying these and certain minor features which is attached as Appendix E, to which we give our endorsement and we earnestly recommend that it be passed at the ensuing session of the legislature.

We also believe that labor on Government work should not be allowed to be mulcted for obtaining their employment and we, therefore, recommend that private employment offices be prohibited from obtaining fees for placing workers on public work. (This is considered in Appendix F.)

We should also like to point out, however, that if the full possibilities of improvement are to be realized it is necessary to have a courageous, untiring, and efficient administration of the measure. Unless the Department of Labor and Industry and the Industrial Board are willing to grapple energetically and fearlessly with the problem, any act however good will necessarily be ineffective. The private employment offices have a great deal of political influence and in the people's interest the Department must be constantly vigilant.



## 5. The Role of Education in the Struggle Against Unemployment.

While education cannot immediately reduce unemployment, it can contribute to make workers more flexible and at once enable them to transfer more readily to other positions and increase their general effectiveness. Our sub-committee on *Education and Training* has prepared a very inclusive report on this topic which is printed as Part Three, Section 2. Summarized briefly they recommend:

(1) A stricter regulation of the conditions under which employment certificates are issued to children between the ages of 14 and 16. The certificates should be issued only in those cases where there is clear evidence that the child's earnings are actually needed by the family.

(2) Greater flexibility in high school and vocational training to permit juveniles to prepare for more occupations.

(3) The development of more foreman-training classes and the appointment of at least six district directors of industrial education.

(4) The encouragement of communities to put their part-time continuation schools upon a half-time basis and the increase of State aid to such districts as adopt this plan. The vocational education facilities in all continuation as well as secondary schools to be developed and extended.

(5) The establishment of special schools in the mining districts where there is a surplus of labor, to prepare some juveniles and miners more efficiently for mining and other miners and juveniles for other industries.

(6) The establishment of vocational and extension classes for the unemployed with the aim of giving them general education, which so many of them need, together with vocational training wherever such schools are now available. In many cases, free carfare and lunches should be provided for those who attend such classes.

(7) A general development of adult education for the employed as well as the unemployed in order to decrease illiteracy and to give training in citizenship and the better use of leisure time.

(8) The distribution of a State equalization fund of approximately two million dollars to ensure added aid: (a) \$300,000 to schools in the mining and industrial centers of schools of the type mentioned in the two preceding paragraphs, (b) \$1,200,000 as aid to the rural schools which will enable them to give better training to their children, (c) \$500,000 for distressed school districts.

(9) A survey by the sub-committee of the graduates of the State Teachers Colleges and the accredited Liberal Arts Colleges shows that 17 per cent. of last year's graduates who proposed to enter the field of education are still unplaced. Since a reserve of from only 8 to 10 per cent. is needed to provide for deaths, marriages, etc., this indicates a tendency towards over-crowding which is primarily characteristic of the elementary grades and junior high schools. It is recommended that the number of students in the various Teachers Colleges be limited to the demands of the State. The period of preparation for

the elementary grades should be increased from two to four years. If after further investigation, the State Council of Education finds that the various schools of education in liberal arts colleges are also turning out an over-supply of teachers then new curricula in these schools should be only sparingly approved. Both the State Teachers Colleges and the Liberal Arts Colleges should co-operate together to improve the quality of teacher-training and perhaps to dampen off the rate at which the number of teachers is now being increased.

(10) Further investigation of such problems as more adequate Negro education and the curriculum of elementary and secondary schools.

## **6. The Organization of Relief.**

The Committee immediately recognized the necessity for committees in the various counties which would organize and co-ordinate relief and it has now set up such bodies in virtually every county in the State. Perhaps the most important immediate task of these committees is the raising of more funds for relief and for their distribution through accredited local charitable organizations. The Sub-committee on Relief and on Co-operation with Local Agencies has worked out standards which should be followed including: (1) The listing of the unemployed and ascertaining those now receiving relief. (2) Aiding in the raising of funds. (3) Granting relief through accredited agencies to the most needy cases on condition that they render service in return on public work which would not otherwise be undertaken. The rates of payment for such work to be, however, at the going local rate. (4) Co-operating with the local agencies in a program of visiting the families of the unemployed to determine what needs for medical, vocational or other care the families need and of attempting to fill these to the fullest degree possible.

These county and local committees will continue their work as long as their services are needed and it is hoped that they may prepare the way for county units of Welfare under the supervision of the State Department of Welfare which will provide specialized care for the various groups needing it along the lines of the program worked out in North Carolina and now being considered by a number of other States.

## **7. Reserves Against Unemployment and Unemployment Insurance.**

The Sub-Committee on the Stabilization of Wage-earners' Incomes after studying the problem, by majority vote submitted the following statements of policy to the general committee:

### **STATEMENTS OF POLICY**

(1) In the development of our industrial civilization, great progress has been made in the continuity of dividend payments by those who have capital to invest in our major enterprises. Stabilization of wages and purchasing power of the vastly greater numbers of our industrious citizens who must chiefly rely for the support of their families upon the investment of their labor has been likewise successfully attempted in a number of instances through co-operative efforts of employers and workers.

"Beneficial as these unemployment reserve funds have been to industry and the workers, it is agreed that this problem calls for the stimulus and encouragement



of legislation in order that the benefits of such provision may be had universally and with reasonable promptness."

This was passed by the following vote:

Yes: Andrews, Douglas, Hall, McBride, Maguire.

No: Wright and Benedict.

Absent: Phillips, Wolman.

(2) The second statement which went into the problem in greater detail was as follows:

We must face the fact that a very considerable amount of unemployment can be expected to continue in the future. Even with the most energetic action by employers large seasonal unemployment will exist because of the influence of styles and of the weather. There seems little prospect that business cycles will be controlled any more effectively in the coming than in the past decade and this will create a large amount of unemployment. If the general price level should decline during the coming years, this will have a further depressive influence upon business and still further swell the ranks of the unemployed. Technical and managerial improvements will also throw temporarily many workers out of employment and shifts in demand will cause further trouble.

One of the most pressing of social problems is, therefore, how to prevent these workers and their families, who are thus deprived of employment and income through no fault of their own, from undue suffering. The only two means of protection which they now have are their private savings and charity. The earnings of unskilled labor are insufficient in terms of modern standards of living to permit their making such adequate savings while if the semi-skilled workers have several dependents, such savings are impracticable for them as well. If the period of unemployment is prolonged whether because of a business depression or technical and market changes, even fairly large savings by skilled workers will be inadequate. Charity is, therefore, the sole bulwark which society now has to protect these men and their families from need. Even though large sums are now being raised in various cities of the State to help provide for the unemployed and while these efforts are worthy of all praise and should in fact be increased greatly during the coming winter, these amounts are grossly insufficient in comparison with the need. Good men who have been thrown out of work through no fault of their own should not be required to depend upon so inadequate, uncertain and humiliating a source of relief.

The most effective way of providing such protection is by adopting a policy for labor which capital has already adopted for itself, namely to accumulate reserves during periods of prosperity and employment which may be utilized in periods of depression and of unemployment. Well-managed corporations do not now pay out all of their earnings in good times but instead lay aside a certain proportion in reserve funds which are paid out in periods when the net earnings are low or non-existent. In this way, the dividend payments and the money income of the investing and owning classes are largely stabilized in bad as well as good times. Good business men also take great pains to lay aside depreciation and obsolescence funds with which to meet the losses occasioned by machines being outmoded and replaced.

These practices reflect great credit upon the sagacity of management and logic would seem to call for their extension to labor as well. If industry aims to provide a return to capital even though it be unemployed, so it should make some provision that the income of the workers should be at least partially maintained if they are unemployed, provided of course that they are honestly seeking work.

Such a program as this would as a matter of fact have a stabilizing influence upon business, for: (1) By transferring dollars of purchasing power from periods when employment and production are relatively full, profits high, and demand adequate to periods of unemployment when employment is low and demand inadequate, it would by putting more purchasing power in the pockets of the workers, enable them to buy more and hence would at least partially check the cumulative breakdown of purchasing power, production and employment which now sweeps business so rapidly downhill; (2) By graduating the premiums which employers pay somewhat, though not fully, in accordance with the amount of unemployment in that particular firm or industry, it would put a pressure upon management to stabilize its employment to the fullest degree possible in much the same way that workmen's compensation has stimulated the better managed firms to reduce industrial accidents.

There are many who agree with such proposals but feel that the owners and managers of industry can be trusted to adopt these plans voluntarily. But this ignores the crucial fact that business in general will not want to assume such added costs when to do so will place them at a competitive disadvantage with other firms which do not act similarly. After a decade of experimentation, the Industrial Relations Counsellors, Inc., an organization connected with large capitalistic interests, reports that prior to the adoption of the General Electric plan last spring, only 11 companies had such plans and that only approximately 9000 workers were eligible for benefits. Only about 35,000 workers were covered by trade union plans and somewhere around 60,000 by joint plans of employers and unions. The adoption of the General Electric plan has probably raised the total number protected by all three varieties of plans to somewhere between 175,000 to 180,000.

Because of competitive pressure, therefore, we believe that private experiments, though extremely valuable, cannot furnish adequate protection to the unemployed. We see no other way, therefore, of providing these reserve funds except by making this mandatory in much the same fashion that workmen's compensation was made mandatory.

We are well aware that large groups of high-minded and sincere people, whose motives we do not question, are at present opposed to any such proposal for a number of reasons which we propose to state fairly and to consider:

(1) It is feared that the benefits to the unemployed will cause them not to seek employment but instead to remain idle and that thus the result of any such measure would be to make the situation worse rather than better. With full respect to the proponents of this objection, we should like to point out that this danger can and should be prevented under any proper law by the following measures: (a) The benefits should be paid only to those who have been laid off because of lack of work and not to those who were discharged for cause or who voluntarily left without just cause. (b) A waiting period of two weeks should be required before the payment of benefits begin. (c) Each unemployed person should register at the nearest public employment office which should seek to get work for him. Any person who refused work in his trade or locality where there was no strike, or lockout, at the going rate of wages should not receive any benefit and after a reasonable period of time if he refused work in other localities or industries, he should not receive benefits. (d) The benefits should always be appreciably less than what the worker could secure if employed. (e) The benefits should only be paid for a limited number of weeks in any year and should be limited to one week of benefits for every four or five weeks for which premiums were paid for or by the worker.

(2) It is also feared that once such a system is established there will be constant pressure to have the period of benefit extended and for the public to pay a large share of the expense. That there are real possibilities in this direction we freely admit. We believe, however, that these issues can be met when they are encountered and we submit that we should not refuse to take a needed first step because later the State may be asked to take a second.

(3) It is further feared that such a system may 'freeze' labor in decaying trades and localities when the desirable thing would be for them to seek work elsewhere. This is a real danger but it can be met by some such provision as we have previously mentioned namely by requiring the unemployed, after a reasonable period of time, to accept available jobs in other industries.

(4) That the imposition of such burden upon industry in Pennsylvania would place it at a competitive disadvantage in comparison with similar industries in other States. This is, of course, an objection to all social legislation by the States under our Federal form of government. The previous adoption of workmen's compensation laws was not, however, found to be a serious burden upon the pioneering States and it should not be forgotten that such a program would bring with it many savings as well. It would stimulate Pennsylvania industry to regularize and thus effect economies and it would also lessen the burden of employers to contribute to charity. Any pressure of interstate competition can, however, be greatly lessened by a cooperative movement on the part of the chief industrial States to enact such laws. Such a development may be stimulated by the conference of governors called by Governor Roosevelt, of New York, to consider this question. A program of Federal grants-in-aid to the States adopting such meas-

ures would, moreover, greatly stimulate other States to enact similar laws and thus lessen the pressure upon the pioneers.

(5) That many employers would take advantage of the payment of unemployment insurance to lay men off, whom if no other support were available, would otherwise be retained. These critics point out that employers are sometimes reluctant to drop workmen whom they would like to let go for either inefficiency or opposed policies, but whom they retain because of their reluctance to thrust men who do not possess reserves into the harsh rigors of unemployment. If these workmen are given some protection through unemployment insurance, it is alleged that the conscience of the employer will be assuaged and they will more readily drop the workers in question.

In dealing with this objection, we should bear in mind a number of considerations: (a) That large groups of workers such as those on the railroads and in various public utilities, etc., are employed on the seniority basis and hence are immune to such possible dangers of discrimination. (b) That it is not certain whether any very large group of employers now act in such a manner as that stated, or retain any considerable number of men whom they would fundamentally like to drop. (c) That the more workmen who would thus be laid off, the more would the premium rates of that employer go up with the result that a direct penalty would be imposed for such acts. (d) That the danger of a workman being alleged to be discharged when he is in reality laid-off can be checked both by an adequate administrative system which will probe such cases and by determining whether or not he is replaced. If the size of the working force be decreased, it is quite clear that such an ostensible dismissal would in reality be a lay-off.

We believe, therefore, that these honest objections are not sufficiently well founded and that they can be met by a proper mandatory law.

There are a number of points upon which competent opinion may well differ and which can be settled both by discussion and by experimentation. One of these is the question of contributions and whether they should be made by the employers alone, or jointly by both workers and employers, and whether the State should take a part in the financial support of the system. Another is whether the benefits should be flat sums irrespective of earnings or should be roughly graduated according to the previous earnings of the worker. Allied with all these questions are those of the administration of the insurance itself. We append two draft bills to our report which represent somewhat different approaches to these and other problems. The first is that prepared by the American Association for Labor Legislation in which the worker is not asked to contribute and another modeled upon the so-called Ohio plan in which the contributions are joint. While not specifically endorsing one of these bills in preference to the other, we wish to state our firm belief that the differences between them are far less important than the points of agreement. Once an agreement is reached on the principle of building up reserves for unemployment, the precise methods of administration can readily be worked out and we believe that valuable suggestions are to be found in each of these two drafts.

We would, however, like to recommend that those who are receiving unemployment benefits may be required by the State, at its pleasure, to take general or vocational courses during such periods in order to prepare them more effectively for life and industry and to facilitate their re-employment. The period of unemployment would then not be a period of idleness as now but instead a period of development.<sup>1</sup>

This was passed by the following vote:

Yes: Douglas, Hall, McBride, Maguire, Phillips and Andrews.

No: Wright and Benedict.

Absent: Wolman.

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<sup>1</sup> This, of course, does not commit the sub-committee to the support of the second bill in Appendix G in preference to the first, although the second does have a provision to this effect. The real differences between the two bills are on other points.



### COMMITTEE RECOMMENDATION

After earnest consideration of the above report of a majority of the Sub-Committee on Stabilization of Wage Earners' Incomes, the committee as a whole resolved:

“That measures for the stabilization of workers' incomes are essential to our healthy economic life and that, although we are not able to agree on the specific measures through which this should be effected, we commend to your serious consideration and to that of our legislators (if in your judgment it should be submitted to them) the able report of our sub-committee on this subject, printed herewith; and we call attention to a third possibility of voluntary action by employers either as individuals or groups or in cooperation with employees' organizations.”

## PART TWO

# Drafts of Proposed Legislation

### APPENDIX A

#### A JOINT RESOLUTION

Proposing an amendment to section eight, article nine, of the Constitution of the Commonwealth of Pennsylvania.

SECTION 1. Be it resolved by the Senate and the House of Representatives of the Commonwealth of Pennsylvania in General Assembly met, that the following amendment to the Constitution of the Commonwealth of Pennsylvania be, and the same is hereby proposed in accordance with the eighteenth article thereof:

That section eight of article nine is hereby amended to read as follows:

SECTION 8. The debt of any county, city, borough, township, school district, or other municipality or incorporated district, except as provided herein, and in section fifteen of this article, shall never exceed seven (7) per centum upon the assessed value of the taxable property therein, but the debt of the city of Philadelphia may be increased in such amount that the total city debt of said city shall not exceed ten (10) per centum upon the assessed value of the taxable property therein, nor shall any such municipality or district incur any new debt, or increase its indebtedness to an amount exceeding two (2) per centum upon such assessed valuation of property, without the consent of the electors thereof at a public election in such manner as shall be provided by law. If, as and when the majority of a board consisting of the Governor, the Secretary of Internal Affairs, and State Treasurer, from time to time, as provided in section four of this article, shall determine and declare the existence of an unemployment emergency in this Commonwealth, the bonding capacity of each county, city, borough, township, school district, or other municipality or incorporated district, for the purpose of improving, adding to, or constructing any existing or new public works of political subdivisions may be increased from seven (7) per centum to eight (8) per centum upon the assessed value of the taxable property therein, the bonding capacity of the city of Philadelphia may be increased from ten (10) per centum to eleven (11) per centum upon the assessed value of the taxable property therein, and the bonding capacity of any such municipality or district from two (2) per centum to two and one-half (2½) per centum upon the assessed valuation of property therein without the consent of the electors thereof at a public election in such manner as shall be provided by law. All bonds issued in accordance with the increased bonding capacity herein authorized in the event of an unemployment emergency shall be for terms of ten years and all construction projects of political subdivisions made possible thereby shall be subject to the approval of any State agency created by the Legislature for advance planning of public works.

In ascertaining the borrowing capacity of the city of Philadelphia, at any time, there shall be deducted from such debt so much of the debt of said city as shall have been incurred, and the proceeds thereof expended, or about to be expended, upon any public improvement, or in the construction, purchase, or condemnation of any public utility, or part thereof, or facility therefor, if such public improvement or public utility, or part thereof, whether separately, or in connection with any other public improvement or public utility, or part thereof, may reasonably be expected to yield revenue in excess of operating expenses sufficient to pay the interest and sinking fund charges thereon. The method of determining such amount, so to be deducted, may be prescribed by the General Assembly.

In incurring indebtedness for any purpose the city of Philadelphia may issue its obligations maturing not later than fifty (50) years from the date

thereof, with provisions for a sinking fund sufficient to retire said obligations at maturity, the payment to such sinking fund to be in equal or graded annual or other periodical installments. Where any indebtedness shall be or shall have been incurred by said city of Philadelphia for the purpose of the construction or improvements of public works or utilities of any character, from which income or revenue is to be derived by said city, or for the reclamation of land to be used in the construction of wharves or docks owned or to be owned by said city, such obligations may be in an amount sufficient to provide for, and may include the amount of, the interest and sinking fund charges accruing and which may accrue thereon throughout the period of construction, and until the expiration of one year after the completion of the work for which said indebtedness shall have been incurred; and said city shall not be required to levy a tax to pay said interest and sinking fund charges as required by section ten, article nine of the Constitution of Pennsylvania, until the expiration of said period of one year after the completion of said work.

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## APPENDIX B

### A JOINT RESOLUTION

Proposing an amendment to section four, article nine of the Constitution of the Commonwealth of Pennsylvania.

SECTION 1. Be it resolved by the Senate and House of Representatives of the Commonwealth of Pennsylvania in General Assembly met, that the following amendment to the Constitution of the Commonwealth of Pennsylvania be, and the same is hereby proposed in accordance with the eighteenth article thereof:

That section four of article nine is hereby amended to read as follows:

SECTION 4. No debt shall be created by or on behalf of the State, except to supply casual deficiencies of revenue, repel invasion, suppress insurrection, defend the State in war, or to pay existing debt; and the debt created to supply deficiencies in revenue shall never exceed, in the aggregate at any one time, one million dollars: Provided, however, That the General Assembly, irrespective of any debt, may authorize the State to issue bonds, to the amount of one hundred millions of dollars, for the purpose of improving and rebuilding the highways of the Commonwealth: And Provided, further, That the General Assembly, irrespective of any debt, may authorize the State from time to time to issue bonds in any amount up to but not exceeding one hundred millions of dollars for the purpose of improving, adding to, or constructing any existing or new public works in Pennsylvania if, as, and when the majority of a board consisting of the Governor, the State Treasurer and the Secretary of Internal Affairs from time to time shall determine and declare the existence of an unemployment emergency in this Commonwealth. All such emergency bonds shall be for a term of twenty years and at no time shall the aggregate amount of said bonds outstanding exceed one hundred millions of dollars.

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## APPENDIX C

### AN ACT

Providing for a system of advance planning and construction of public works of this Commonwealth and its political subdivisions in such a manner as will assist in the stabilizing of industry and employment; creating a departmental administration thereof: imposing powers and duties upon the Governor and the heads of certain administrative departments; and making an appropriation.

SECTION 1. Be it enacted by the Senate and House of Representatives of the Commonwealth of Pennsylvania in General Assembly met, and it is hereby enacted by the authority of the same, That there is hereby created and placed in the Department of Property and Supplies a departmental administrative board to be known as "The Public Works Planning Board" hereinafter called the "board." This board shall consist of the Secretary of

Property and Supplies, the Secretary of Highways, and a head of another administrative department appointed by the Governor, as ex-officio member, and five members appointed by the Governor as follows:

(a) Two of whom shall be active persons from one of the principal regional planning federations in a city of the first and second class, respectively.

(b) One of whom shall be conversant with city planning.

(c) One of whom shall be an economist or financier.

(d) One of whom shall be a representative of the building industry or of a building congress.

The members of the board first appointed under this act shall continue in office for terms of one, two, three, four and five years, respectively, and until their respective successors shall be duly appointed and shall have qualified, but their successors shall be appointed for terms of five years.

The board shall select from among their number a chairman and, with the approval of the Governor, shall appoint a Director, who shall receive an annual salary of seven thousand five hundred dollars, and such other clerical or other employees as may be necessary.

Each member of the board, other than the ex-officio ones, shall receive fifteen dollars per diem, for each day actually devoted to the work of the board as well as traveling expenses actually incurred in performing such work.

Four members of the board shall constitute a quorum.

The board shall co-operate with the departments, boards and commissions of the State Government that have jurisdiction or control of or power to engage in the construction of public works in formulating methods of advance planning thereof: shall make reports from time to time to the Governor and to the Legislature; and shall perform the powers and duties vested in it by this act.

SECTION 2. It is hereby declared to be the policy of the Commonwealth of Pennsylvania to arrange the construction of public works, so far as practicable, in such manner as will assist in the stabilizing of industry and employment through proper timing of such construction, and to further this project there shall be advance planning of public works by the hereinafter designated construction agencies of the Commonwealth and by the board created by this act.

Each administrative department, board or commission having jurisdiction or control of or the power to engage in State construction work shall cause to be prepared a six-year advance plan of contemplated construction work by said department, board or commission with estimates for each project and tentative assignment of each project to a certain year. Such estimates shall show separately the estimated cost of land, the estimated cost of new construction and the estimated cost of repairs and replacements.

Such plans and estimates for the six-year period shall be submitted to the Secretary of Property and Supplies for correction and provisional approval. The Secretary of Property and Supplies shall submit to the Legislature from time to time a consolidated plan and a provisional estimate of the total sum which would constitute a normal construction program over a six-year period.

Each department, board, or commission submitting a six-year plan shall keep it up-to-date by a biennial revision of the plans and estimates for the unexpired years, biennially adding a plan and estimate for two additional years.

The Governor shall, before recommending to the Legislature the amount of State construction work for any biennium, take into consideration the total volume of construction, public and private, under way within the Commonwealth, the general state of employment, and the activity of business.

The board shall collect information concerning advance construction plans and estimates by the political subdivisions of the Commonwealth, by public service corporations, and by private corporations and agencies, in order to estimate the probable future volume of construction within the Commonwealth.



SECTION 3. Whenever the Governor, upon recommendation of the board or upon advice of the President of the United States or for other reasons, shall declare the existence of an unemployment emergency, the rate of construction under the six-year plan shall be accelerated.

If the Legislature is in session the Governor shall submit a special message asking for appropriations for carrying out additional parts of the six-year plan.

If the Legislature is not in session work may be begun on those parts of the six-year plan which the Legislature has previously approved and payments may be made out of any moneys legally available for such purposes.

Section 4. The board may assist cities, towns, boroughs, school districts and other municipal units in developing their advance planning of construction and methods of financing which will assure increased available funds for construction during periods of unemployment.

The board may study methods of preventing peaks of public construction within geographical limits of the Commonwealth coinciding in time with peaks in private construction, in order to avoid excessive competition between public and private agencies for the same men, materials and credits.

The board may make suggestions to municipalities and to the public, based upon such studies in an effort to reduce the height of dangerous booms and thereby diminish the depth of subsequent depressions.

The board shall act, in its relations with municipalities, as far as possible through the Bureau of Municipalities of the Department of Internal Affairs.

SECTION 5. The board may study proposed construction projects within the Commonwealth which have not been authorized by the Legislature, for the purpose of later submitting to the Legislature plans and estimates suitable for consideration at a later time by the Legislature as emergency public works.

SECTION 6. There are hereby appropriated the following sums for the administration of this act:

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## APPENDIX D

### AN ACT

To amend sections eleven, thirteen, fourteen and fifteen of an act approved the fourth day of June, one thousand nine hundred fifteen (Pamphlet Laws, eight hundred thirty-three) entitled "An act establishing under the Department of Labor and Industry a system of regulation of employers seeking employees and of persons seeking employment; and prescribing, as incidental thereto, certain duties of employers, and of county, municipal, township and school authorities, and of agencies procuring employees for others; and prescribing penalties."

SECTION 1. Be it enacted by the Senate and House of Representatives of the Commonwealth of Pennsylvania in General Assembly met, and it is hereby enacted by the authority of the same, that section eleven of the act approved the fourth day of June, one thousand nine hundred fifteen (Pamphlet Laws, eight hundred thirty-three) entitled "An act establishing under the Department of Labor and Industry a system of regulation of employers seeking employees and of persons seeking employment; and prescribing, as incidental thereto, certain duties of employers, and of county, municipal, township and school authorities, and of agencies procuring employees for others; and prescribing penalties," be and the same is hereby amended to read as follows:

SECTION 11. *The Department of Labor and Industry shall have the power to establish and conduct public employment offices or labor exchanges at convenient places throughout the Commonwealth, and, with the approval of the representative council of a particular district or locality, may establish separate public employment offices for particular professions, trades and industries.*



The [director] *Department of Labor and Industry* may enter into an agreement with any county, city, borough, town or township for the establishment and joint maintenance of local offices *for the general public or for particular professions, trades and industries*. All county, city, borough, town or township executives shall report to the [director] *Department of Labor and Industry*, from time to time, the general conditions of employment, the demands of employers for employees, the demands for employment and the existence of industrial disputes, strikes and lock-outs, in their respective districts, and shall cause to be posted any bulletins or notices of the [bureau] *Department of Labor and Industry* pertaining to the purposes of this act. Any county, city, borough, town or township may appoint the superintendent of the nearest district branch office to fill the office of superintendent of employment.

SECTION 2. That section thirteen of said act is hereby amended to read as follows:

SECTION 13. Each district and local office *for the public in general or for a particular profession, trade or industry*, shall have a representative council appointed by the [commissioners] *Secretary of Labor and Industry*. The council shall consist of [six] *seven* members, one of whom shall be a woman, and all of whom [are] *shall be* citizens of the United States and of the [State] *Commonwealth of Pennsylvania*, and residents of the district where the council is to serve. [One member shall be an employer, not a member of any employers' association; two members shall be representatives of employers' organizations; one member shall be a working person, not a member of any organization of working people, and two shall be representatives of organizations of working people. The commission shall designate one from the employers and one from the employees, to serve for a period of two years; one from each group, to serve for a period of four years, and one from each group, to serve for a period of six years. Upon the expiration of said terms, the] *Of the seven members, three shall represent employers, three shall represent the working people and one shall represent neither employers nor working people, but the public in general: Provided that six members of a representative council of an office limited to a certain profession, trade or industry shall represent the employers and employees of said profession, trade or industry divided as aforesaid. The term of each member of a representative council now holding office shall expire upon the effective date of this amendatory act. The term of office of each member of a representative council thereafter appointed shall be for a term of [six] two years, except that any member appointed to fill a vacancy shall serve for the unexpired term thereof.*

The [commissioner and the director] *Secretary of Labor and Industry* shall be *an ex-officio [members] member* of each council. The superintendent in charge of a district shall be chairman of the council for his district, and in case of his inability to be present at any meeting the [director or the commissioner] *Secretary of Labor and Industry or his duly authorized deputy* may act as chairman.

The actual and necessary traveling expenses incurred by members of district representative councils, while engaged in the performance of their duties, shall be paid by the State.

SECTION 3. That section fourteen of said act is hereby amended to read as follows:

SECTION 14. [The] *Each representative council [in each district] shall,*

(a) [Devise methods and take steps toward the regularization of employment in the various industries and seasonal trades of the district.] *In conjunction with the Department of Labor and Industry, exercise supervision over its particular public employment office.*

(b) [Devise plans and take steps to promote public improvements by municipalities within the district, during seasons of unemployment.] *Advise the Secretary of Labor and Industry in the appointment of the superintendent of its particular public employment office.*

(c) Promote the wider use of district and local public employment offices by employers and persons seeking employment and to [co-operate]

co-operate with any person, employer, association or organ of the press in accomplishing the aforesaid [purposes] purpose.

(d) [Appoint sub-committees to deal specially with any subject which the council has power to investigate or act upon, but each sub-committee shall be presided over by a member of the council.] *Make recommendations concerning the promotion of members of the personnel staff at its particular public employment office.*

(e) Hold meetings at least once each month, or oftener if required, for the accomplishment of the aforesaid purposes; such meetings to be called by the chairman of the council, or to be fixed at any regular meeting of the council.

(f) Keep minutes of all meetings; submit a copy of all minutes, records and decisions; and report in full on all actions or proceedings to the [director] *Department of Labor and Industry*. No rule shall be prescribed or action taken by the council inconsistent with the action of the board.

SECTION 4. That section fifteen of said act is hereby amended to read as follows:

SECTION 15. The [bureau] *Department of Labor and Industry* shall neither charge nor receive fees, directly or indirectly, for any service or benefit rendered to those availing themselves of advantages provided. No official, employee or person associated with [the bureau] *said department* in the performance of its duties shall charge, demand, accept or receive, directly or indirectly, any fee, compensation, contribution or gratuity for any service or duty performed as an official or employee of [the bureau] *said department*.

*The Department of Labor and Industry, however, may receive and accept from any person, firm, association, corporation or the United States of America gifts, donations, contributions or endowments of money, securities or other personal property which, or the income of which, shall be used by the Commonwealth either by itself or in conjunction with any political subdivision or groups of employers or employees for the establishment, development, promotion, extension or operation of public employment offices in this Commonwealth for employers and persons seeking employment in general or for particular trades, industries or professions. Such gifts, donations, contributions or endowments shall be employed for the purpose or purposes specified by the donors to whom an accounting shall be made.*

## APPENDIX E

### MAJOR CHANGES MADE IN EXISTING LEGISLATION GOVERNING PRIVATE EMPLOYMENT AGENCIES

The present powers of regulation of private employment agencies by the Department of Labor and Industry are authorized by the act of May 2, 1929, P. L. 1260, which repealed the original act of 1915 governing these agencies and weakened the regulatory powers of the aforesaid department.

This bill provides for the repeal of the act of 1929 and replacement thereof by a new act which puts more teeth in the regulatory powers of the Department of Labor and Industry. Briefly stated, the major changes made by this bill are as follows:

1. The definition of "employment agent" has been broadened to cover any person, firm or corporation making a charge for bringing or endeavoring to bring together employers and persons seeking employment.

2. "Service fees" and "registration fees" are defined and the latter prohibited.

3. The procedure for the granting of licenses is simplified and the department after consultation with the Industrial Board may refuse to grant or renew a license if it is believed that private or public agencies fill the needs of the community in which the applicant proposes to operate.

4. The Department is permitted to revoke employment agents' licenses for cause after a hearing before the department. Formerly the Department could only revoke a license for three causes and had to institute revocation proceedings in the court of Common Pleas.

5. Now different fees are payable according to statutory classifications of licenses. This bill does away with the classification of employment licenses and provides for an annual license fee of two hundred dollars.

6. A definite license year is established and provision is made for the adjustment of existing licenses thereto; under the 1929 Act licenses are valid for one year after issuance.

7. Under this existing law the bond of each licensee is one thousand dollars while this bill requires a bond in the penal sum of five thousand dollars.

8. This bill authorizes the Department of Labor and Industry with the approval of the Industrial Board to prescribe rules and regulations for its administration.

## AN ACT

Regulating the business of assisting employers to obtain employees, and persons to secure employment; providing for the licensing, registration, bonding and regulation of certain individuals and entities engaged in such business; conferring certain powers and duties upon the Department of Labor and Industry and the Industrial Board; and prescribing penalties.

SECTION 1. Definitions.—Be it enacted by the Senate and House of Representatives of the Commonwealth of Pennsylvania in General Assembly met, and it is hereby enacted by the authority of the same, that the following words or phrases when used in this act shall, unless the context otherwise indicates, have the meanings respectively ascribed to them as follows:

(a) "Employment agent" shall mean any person, partnership, association, or corporation engaged for profit in the business of assisting employers to secure employees, and persons to secure employment, or of furnishing, in any manner whatsoever, information, letter service or other service as to where employment or help may be or is likely to be secured.

(b) "Department" shall mean the Department of Labor and Industry of this Commonwealth.

(c) "Secretary" shall mean the Secretary of Labor and Industry of this Commonwealth or his duly authorized deputy or representative.

(d) "Persons" shall include persons, associations, partnerships, and corporations.

(e) "Registration fee" shall mean and include any charge made, or attempted to be made for registering or listing an applicant for employment without rendering or agreeing to render service to the applicant in the procurement of employment or help.

(f) "Service fee" shall mean and include any money, compensation, or other valuable consideration paid or promised to be paid for services rendered, or to be rendered by any employment agent including any excess of money received by any such agent over and above what has been paid out by said agent for transportation, transfer of baggage, or board and lodging, for or on behalf of any applicant for employment.

SECTION 2. After the thirtieth day of September, one thousand nine hundred and thirty-one, it shall be unlawful for any employment agent to operate as such in this Commonwealth unless such employment agent be the holder of a license as in this act provided.

SECTION 3. Every person desiring to operate as an employment agent shall file an application for such license with the department. The application shall be on a form furnished by the department, and, together with such other information as the department shall require, shall state:

(a) The name and address of the applicant and, if the applicant is a corporation, the name and addresses of the officers, and, if the applicant is a partnership, the names and addresses of all the partners. The application of a corporation shall be signed by the president and treasurer and that of a partnership by all the partners.

(b) The State and date of incorporation and location of the principal office if the applicant is a corporation.



(c) The present address of the place where the business is to be conducted.

(d) Whether or not the applicant proposes to conduct a lodging house for the unemployed separate from the business proposed to be conducted.

(e) The business or occupation engaged in by the applicant for at least two years immediately preceding the date of the application.

Such application shall be made under oath or affirmation and accompanied by the affidavits of at least three reputable residents of the city or county in which the applicant intends to operate that the applicant or applicants signing the application is or are of good moral character.

With every original or renewal application each applicant for a license as employment agent shall file with the department a schedule of all service fees proposed to be charged for any services rendered to employers seeking employees and persons seeking employment.

All licensed employment agents in existence upon the effective date of this act shall file on or before August fifteenth one thousand nine hundred thirty-one an application for the renewal of their licenses as of October first of the same year.

SECTION 4. Upon receipt of an application for a license the department shall cause a thorough investigation to be made as to the character and responsibility of the applicant; and if the applicant is a corporation or a partnership, of all the officers or partners as the case may be; and of the person who is to have the general management of the office; and as to the location and the premises at which the business is intended to be conducted.

The secretary shall have the power to issue subpoenas requiring the attendance of witnesses, and the production of books and papers, to administer oaths to such witnesses, and examine such witnesses, books and papers in respect to matters arising in the investigation of an application and may hold a public hearing as part of said investigation when and where he deems it necessary provided that said hearing shall be held within twenty days after the filing of an application. At least five days' notice of the time and place of such hearing shall be given by the secretary to the applicant, and any protestants that there may be.

Any witness who refuses to obey a subpoena issued hereunder, or who refuses to be sworn or affirmed, or to testify, or who is guilty of any contempt, may be punished for contempt of court as provided by law.

SECTION 5. After proper investigation and within thirty days after the filing of an application the department shall either grant or refuse the applicant a license. The department may refuse to grant a license to or renew a license of an applicant if upon investigation it is found and determined:

(a) That the applicant is not of a good character or reputation.

(b) That the place where the business is to be conducted is not a suitable place therefor, and such place, as well as for other proper reasons, shall be deemed unsuitable if it is to be conducted in rooms used for living purposes, or where boarders or lodgers are kept, or where meals are served, or where persons sleep, or in connection with a building or premises where intoxicating liquors are sold, or reputed to be sold, or in a house of ill repute, or in a neighborhood deemed unsatisfactory by the department.

(c) That the proposed plan of business is unjust or unfair.

(d) That the applicant, being hitherto an employment agent has been convicted of a violation of or has failed to comply with any law of this Commonwealth or any other State, governing the business of an employment agent, or has had, in this Commonwealth or elsewhere, an application for a license as employment agent refused or a license therefor revoked.

(e) After consultation with the Industrial Board, that the number of licensed private employment agents, or that the public employment agency operated by the Commonwealth, or by political subdivisions of this Commonwealth, or by the United States of America, or by two or



more thereof jointly, in the community in which the applicant for a license purposes to operate is sufficient to supply the needs of persons seeking employees or employment.

SECTION 6. Every license hereunder shall be on a form prescribed by the department and shall be posted conspicuously in the place of business of the licensee.

All licenses issued by the department under this act shall expire on the thirtieth day of September next following the day on which issued. All licenses previously issued by the department and which are unexpired or unrevoked on the thirtieth day of September one thousand nine hundred and thirty-one shall expire on that day and existing employment agents shall secure new licenses as provided for by this act in order to continue business thereafter.

No license shall be granted under the provisions of this act until the applicant for a license shall have paid to the department a license fee of two hundred dollars: Provided, that all applicants for renewal of licenses prematurely expired by this act that are granted new licenses under this act shall receive a credit against the above license fee equal to the proportionate part of the old license fee applicable to the period of time after the thirtieth of September, one thousand nine hundred thirty-one during which the existing license, expired by this act, would have been valid: And Provided, further, That in the event the department refuses to renew the license of an existing employment agent, whose license is prematurely expired by this act, such employment agent shall receive a refund of that proportionate part of the old license fee applicable to the period of time after the thirtieth of September, one thousand nine hundred thirty-one, during which the existing license, expired by this act, would have been valid. Amounts to be credited or refunded under this section shall be determined by the secretary. All refunds authorized hereunder shall be paid by the secretary from any appropriation to the department available for this purpose.

All licenses issued hereunder shall not be transferable and shall be issued only for the premises named in the application.

Licenses issued under the provisions of this act may be renewed from year to year, upon approval of an application and upon the payment of a license fee of two hundred dollars, and the filing of a bond as in the case of an original application.

SECTION 7. Before any license can be granted, the applicant must file with the department a bond of a duly authorized surety company to be approved by the department, payable to the Commonwealth of Pennsylvania in the penal sum of five thousand dollars, and conditioned, among other things, upon the faithful observance and compliance by the applicant of the provisions of this act and all rules and regulations prescribed and issued thereunder; upon the payment of all damages or loss occasioned to any person dealing with said applicant, by reason of any misstatement, misrepresentation, fraud or deceit, or any unlawful act or omission of any such applicant, his agent or employees while acting within the scope of their employment, made, committed, or omitted in the business conducted under such license, or caused by any other violation of this act in carrying on the business of employment agent, and upon the payment of fines and penalties imposed for a violation or violations of this act.

All actions upon bonds given under this act shall be in the same manner as actions upon official bonds.

SECTION 8. The department shall have the power and duty to revoke or to refuse to renew the license of any employment agent upon due cause, particularly if as a result of any inspection or investigation, or upon sworn complaint filed, that any employment agent did knowingly or wilfully—

- (a) Secure a license by means of fraud or misrepresentation.
- (b) Violate any of the provisions of this act.
- (c) Induce or attempt to induce any employee to leave his employment with a view to obtaining other employment through such agent.

(d) Publish or cause to be published any false or fraudulent or misleading information, representation, notice or advertisement or whose letterheads, receipts and blanks were not printed or did not contain the name and address of such agent, and the words "employment agent."

(e) Give false information, or did make false promises or false representations concerning an engagement or employment to any applicant who shall register or apply for an engagement, or employment or help.

(f) Accept any application for employment made by or on behalf of any child, or did assist in placing any such child in any employment whatever, in violation of the child labor laws.

(g) Divide, directly or indirectly, any fees charged or received by him, with any person who secured help through such employment agent, or to whom help was referred by such employment agents.

(h) Knowingly send persons seeking employment to non-existent jobs.

(i) Induce or compel any person to enter his employment office for any purpose either by the use of force, or by taking forcible possession of said person's property.

(j) Send or cause to be sent, any female as a servant, employee, inmate, entertainer or performer, or any male as employee or entertainer, to any place of bad repute, house of ill fame, or assignation house, or to any house or place of amusement kept for immoral purposes, or place resorted to for the purpose of prostitution, or gambling house the character of which such licensed person could have ascertained upon reasonable inquiry.

(k) Send out any female applicant for employment without making a reasonable effort to investigate the character of the employer.

(l) Send any female, as an entertainer or performer, to any place where any such female would be required or permitted to sell, offer for sale, or solicit the sale of intoxicating liquors, to those present or assembled as an audience, or otherwise, in such place, or any rooms or building adjacent thereto.

(m) Permit any persons of bad character, prostitutes, gamblers, intoxicated persons, or procurers to frequent his place of business.

(n) Charge any registration fee.

All the aforesaid enumerated actions, doings, or sayings are hereby declared to be unlawful on the part of employment agents.

Such revocation shall only be after a full and fair hearing before the secretary upon the question of revocation and after fifteen days' notice of the time and place of said hearing, and a copy of the charges preferred have been given to the holder of the license. The effect of any revocation shall be the same as if the licensee had never been licensed.

Whenever such license shall be finally revoked, the secretary shall not, within one year of such revocation, issue another license to such person, or his representative, or to any person with whom he is to be associated in such business. Nor shall such person be employed during such period by any other employment agent.

SECTION 9. No foreign employment agent, or other person, shall enter this Commonwealth and attempt to hire, induce, or take from this Commonwealth any labor, singly or in groups, for any purpose, without first filing, in the office of the secretary, a statement as to where the labor is to be taken, for what purpose, for what length of time, whether transportation is to be paid to and from destination, and a statement of the financial standing of the company desiring the labor, as well as an affidavit of authority to represent such company in this Commonwealth, and whatever other information the secretary may require.

The secretary shall thereupon determine whether the person desiring such labor from this Commonwealth is an employment agent for profit, and, if so, whether such person is qualified to be licensed under this act. The secretary, after such investigation, may refuse to license, upon compliance with the provisions of this act, or register such person. If such person shall be exempted from license, he shall pay for registration, a fee of five dollars, and receive therefor from the secretary a certificate recognizing his right to do business in this Commonwealth.

SECTION 10. Every employment agent shall keep a register or registers, approved by the secretary, in which shall be entered, in the English language, the date of any application for employment, the name and address of the applicant, the amount of the fee received, and, whenever possible, the names and addresses of former employers of persons to whom such applicant is known, and the final disposition of the applicant's case: a similar record of all applications of persons seeking employees, the date of such application, the kind of help required, the names of the persons sent, the record of the ones so sent, if any, who were employed as a result thereof, the amount of the fees received, and the rate of wages agreed upon. No person shall make any false entry in such register.

It shall be the duty of the employment agent, whenever possible, to communicate, orally or in writing, with at least one of the persons mentioned as reference by any applicant for work in private families, or to be employed in a fiduciary capacity, and the results of such investigation shall be kept on file in such agency: Provided, That if the applicant for help voluntarily waives, in writing, such investigation of references, the employment agent shall not be required so to do.

SECTION 11. No employment agent shall send out any applicant for employment without having obtained a bona fide order therefor, and, if it shall appear that no employment of the kind applied for existed at the place to which said applicant was directed, the said employment agent shall refund to such applicant, within three days of demand, any sums paid by said applicant, for transportation in going to and returning from said place, and all fees paid by said applicant.

SECTION 12. Every employment agent shall give to each applicant for employment a card or paper, containing, in printed, typewritten or written form:

- (a) The name of the applicant.
- (b) The name and address of such employment agency.
- (c) The name and address of the person to whom the applicant is sent for employment.
- (d) The kind of service to be performed.
- (e) The rate of wages or compensation.
- (f) The time of such services, if definite, and if indefinite, to be so stated.
- (g) The name and address of the person authorizing the hiring of such applicant.
- (h) The cost of transportation, if the services are required outside of the city, borough, town, or township where the employment agent conducts his business.

SECTION 13. It shall be the duty of every employment agent to give to every applicant for employment, from whom a fee shall be received, a receipt in which shall be stated together with such other facts as the department may direct:

- (a) The name of the applicant.
- (b) The date and amount of the fee.
- (c) The purpose for which it was paid.

Every applicant for help shall receive a receipt in which shall be stated:

- (a) The name and address of the applicant.
- (b) The date and amount of the fee.
- (c) The kind of help desired.

The secretary may require the printing on the back of any such receipts of portions of this act, or any rules or regulations prescribed thereunder, or any other information he may deem expedient.

SECTION 14. Whenever any employment agent agrees to send one or more persons as contract laborers, in any place outside the city, borough, town, or township in which such employment agent conducts his business, he shall file



with the secretary, within five days after the contract is made, a statement containing the following items:

- (a) Name and address of the employer.
- (b) Names and addresses of the persons to be employed.
- (c) Nature of the work to be performed.
- (d) Hours of labor.
- (e) Wages offered.
- (f) Destination of the persons to be employed.
- (g) Terms of transportation.
- (h) All fees that said contract laborers will have to pay.

A duplicate copy of this statement shall be given to the applicant for employment, in a language he is able to understand, before he leaves the city, borough, town or township.

SECTION 15. Every employment agent, in addition to his license, shall post in a conspicuous place, in every room of his place of business the portions of this act required by the department, and the schedule of fees on file with the department as required by this act, all of which shall be printed in large type, in language in which persons commonly doing business with such employment agent can understand. Such posters shall also contain the names and addresses of the nearest officers having authority to enforce this act.

SECTION 16. The secretary shall be charged with the enforcement of the provisions of this act, and his duly designated employees shall inspect from time to time, without warning, the office of each employment agent holding a license in this Commonwealth. Such employees shall enforce this act and shall have suitable badges, which they shall exhibit on demand of any person interested. They shall have for the purpose of the enforcement of this act, the powers of constables and policemen in cities of the first and second class.

All registers, books, records, and other papers required to be kept pursuant to this act by any employment agent, shall be open at all reasonable hours to the inspection of the secretary or his duly authorized employees for the purpose of enforcing this act.

SECTION 17. Subject to the approval of the Industrial Board, the department shall have the power to make rules and regulations as it may deem necessary for the supervision and control of employment agents and in so doing it may classify placements effected by employment agents.

SECTION 18. On the tenth day of November, one thousand nine hundred thirty-one, and on or before the same day of each month thereafter, each and every employment agent shall make to the department a statistical report of the preceding month which shall set forth, together with other data required by the secretary.

(a) The number of placements classified according to the rules and regulations of the department.

(b) The number of applicants applying but for whom placements were not secured.

(c) The gross amount of fees received.

SECTION 19. All persons conducting without charge any department, association, bureaus or agency for procuring employment shall not be subject to licensure under this act but shall apply on the first day of October of each year for registration with the department upon such forms and giving such information as the department shall require, and the department may thereupon register such persons to operate without a license.

SECTION 20. Every employment agent shall maintain on file with the department a schedule of the service fees charged by it. And if any change is made in said schedule the employment agent shall promptly file a revised schedule with the department.

No registration or other fee in lieu thereof shall be charged or received by any employment agent.



SECTION 21. All moneys, fees, fines and penalties required to be paid under this act shall be collected by the secretary and by him paid into the State Treasury through the Department of Revenue.

SECTION 22. No person shall operate as an employment agent in this Commonwealth, without holding a license so to do, as herein provided; no person shall operate in this Commonwealth as set forth in Section 19 of this act, or under Section 9 hereof, without holding a license so to do, or being registered as herein provided. Any person so doing, shall for the first offense, upon conviction thereof in a summary proceeding before any alderman, magistrate, or justice of the peace, in the county where the offense occurred, be sentenced to pay a fine of not less than twenty-five dollars, not more than one hundred dollars, or upon non-payment thereof to undergo imprisonment in the county jail for a period of thirty days, and for a second offense shall be guilty of a misdemeanor, and upon conviction thereof in the proper court shall be sentenced to pay a fine of not less than twenty-five dollars nor more than two hundred and fifty dollars, or imprisonment for a period of not more than one year, or both, at the discretion of the court.

SECTION 23. Any person doing any of the acts set forth in paragraphs (f), (g), (h), (j), (k), (l) or (m), of Section eight of this act, shall be guilty of a misdemeanor, and, upon conviction thereof before a court of competent jurisdiction, shall be sentenced to pay a fine of not less than one hundred dollars (\$100), or more than one thousand dollars (\$1000), and costs of prosecution, or undergo imprisonment in the county jail for a period of not more than one year, or both, at the discretion of the court.

SECTION 24. This act shall become effective on the fifteenth day of August, one thousand nine hundred and thirty-one, except where its contents limit it to some later date.

SECTION 25. The provisions of this act are severable, and, in the event that any provisions thereof should be declared unconstitutional, it is hereby declared to be the legislative intent that the remaining portions would have been enacted notwithstanding such judicial determination of the invalidity of any particular provision or provisions in any respect.

SECTION 26. That the act approved the second day of May, one thousand nine hundred twenty-nine (pamphlet laws one thousand two hundred sixty) entitled "An act regulating the business of assisting employers to obtain employees, and persons to secure employment; providing for the licensing, registration, bonding, and regulation of certain individuals and entities engaged in such business; conferring certain powers and duties upon the Secretary of the Department of Labor and Industry of this Commonwealth, and of said department; and prescribing penalties," be and the same is hereby repealed as of the thirtieth day of September, one thousand nine hundred and thirty-one.

SECTION 27. All acts or parts of acts inconsistent herewith are hereby repealed.

## APPENDIX F

### AN ACT

An act to add a new section to the Penal Code, making it a misdemeanor of-  
fense to charge or collect, or attempt to charge or collect, a fee or valuable consideration for placing, or attempting to place, persons in public employ-  
ment, or for registering persons for public employment, or giving information as to where such public employment may be procured, or to place any order for public employment where a fee or valuable consideration is to be charged the applicant for such employment.

SECTION 1. A new section is hereby added to the Penal Code, to be num-  
bered (— —) and to read as follows:—

Be it enacted by the Senate and House of Representatives of the Common-  
wealth of Pennsylvania in General Assembly met and it is hereby enacted by  
the authority of the same:

SECTION —. Any person, firm, association or corporation, or agent or officer  
thereof, who shall charge or collect, or attempt to charge or collect, either  
directly or indirectly, a fee or valuable consideration for registering any per-

son for public employment, or for giving information as to where such public employment may be procured, or for placing, or attempting to place, any person in public employment of any kind, or in employment upon any public work done for or on behalf of the State, or any political subdivision, district or municipality thereof, whether such work is done by contract, sub-contract or otherwise, and whether the person so placed, or to be placed, or registered, is to work directly for the State, or political subdivision, district or municipality thereof, or is to work for a contractor or sub-contractor doing public work for the said State or political subdivision, district or municipality thereof, shall be guilty of a misdemeanor, punishable by a fine of not exceeding five hundred dollars or by imprisonment for not exceeding six months, or by both such fine and imprisonment, in the discretion of the Court, and any person who, acting on behalf of the State, or any political subdivision, district or municipality thereof, or any person acting as a contractor or sub-contractor, or agent or representative thereof, doing any public work for or on behalf of the State, or any political subdivision, district or municipality thereof, places any order for public employment, or employment on public work as in this section described, with any other person, firm, association or corporation, or agent or officer thereof, the filling of which order will involve the charging of a fee or valuable consideration from any applicant for such employment, shall likewise be guilty of a misdemeanor and be subject to the same punishment.

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#### APPENDIX G (First Part)

##### (1) A PLAN SUBMITTED AS A BASIS FOR STATE LEGISLATION BY THE AMERICAN ASSOCIATION FOR LABOR LEGISLATION

Industrial managers, as good business practice, set aside a dividend reserve fund out of which to pay stockholders during periods when their plants are idle. It is urged that an *unemployment reserve fund* should also be provided in order that their wage-earners may be tided over temporary periods of involuntary idleness.

The State can take a hand in the establishment of such a reserve. One method by which it may fruitfully do so, under the conditions prevailing in this country, is embodied in this tentative draft of an unemployment reserve bill. Instead of the plan featured in European relief schemes, this bill requires employers to contribute a small fixed percentage of their payrolls to a fund which will be administered so as to furnish to employees such benefits as the condition of the fund will permit. Employees are not required to contribute to the fund, but they do, of course, bear a considerable portion of the cost of unemployment owing to the limits placed upon benefits. A maximum limit of ten dollars a week is fixed, and no employee is to receive benefit for more than 13 weeks in a year nor for more than one week for each four weeks in which he has been employed by employers subject to the act. Opportunity is offered workers in any industry voluntarily to elect to pay contributions and thus receive additional benefits. Payments are not to be made to persons who are unemployed owing to stoppage of work due to a trade dispute and no one is to be denied benefits for refusal to take a job where there is such a dispute.

The bill recognizes that it is essential to any system of unemployment benefits that there should be a work test. It provides for the application of this test through employment offices, and it is to be expected that the operation of the plan will result in a reduction of unemployment by furnishing jobs instead of benefits wherever possible.

If the right to benefit is contested, it will be passed upon by the officer in charge of an employment office, and an appeal is allowed to an appeal board on which sit a representative of labor, an employer, and a neutral arbiter.

The administration of the plan in each industry is placed in the hands of an Employment Stabilization Board provided for that industry, under the supervision of the State Department of Labor. Since employers who are contributing to the fund are in a position to aid effectively in stabilizing employment in their industry, it is provided that when those who employ a majority of its workers elect to do so they are authorized to administer the fund for their industry and conduct an employment office for its employers and employees subject to the approval of the State Department of Labor.

Employers who furnish satisfactory proof of their ability to pay benefits equal to those which the reserve fund for their industry pays are permitted to make the payments directly to their employees, and relieved from the duty of contributing to the fund. Those who remain in the fund are encouraged to reduce unemployment among their employees by the possibility of the payment of dividends on the basis of their employment experience.

This proposal in the course of its development through many months of conferences and correspondence has been submitted to a large group of interested citizens for criticism and suggestions.

## DRAFT OF AN ACT FOR UNEMPLOYMENT RESERVE FUNDS

SECTION 1. *Short Title.* This act shall be known as the "unemployment reserve law."

SECTION 2. *Definitions.* As used in this act:

1. "Department" means the Department of Labor and Industry;
2. "Secretary" means the Secretary of Labor and Industry;
3. An "employment," except where the context shows otherwise, means any employment for hire within the State, except:
  - (a) employment as a farm laborer; or
  - (b) employment not in the usual course of trade, business or occupation of the employer;
4. "Employee" means any person employed by an employer in an employment subject to this act, except a person employed at other than manual labor at a rate of remuneration of fifteen hundred dollars a year, or over;
5. "Employer," except when otherwise expressly stated, means a person, partnership, association, corporation, and the legal representatives of a deceased employer, or the receiver or trustee of a person, partnership, association or corporation including the State and a municipal corporation or other political subdivision thereof, employing six or more employees in a common employment;
6. "Fund" means the unemployment reserve fund established by this act;
7. "Benefit" means the money allowance payable to an employee as provided in this act;
8. "Wages" means the money rate at which the service rendered is recompensed under the contract of hiring in force at the time the employee became unemployed, including the reasonable value of board, rent, housing, lodging or similar advantage received from the employer.

SECTION 3. *Liability for payment of benefits.* Benefits shall be paid to every unemployed employee for the industry fund to which his last employer belongs, or by his last employer if he has been exempted from the payment of contributions to the fund.

SECTION 4. *Benefits.* 1. An employee shall be entitled to demand benefits on account of unemployment which continues subsequent to a waiting period of two weeks after notification of unemployment.

2. Benefits shall be payable at a rate as provided herein but not to exceed:
  - (a) ten dollars a week to an employee of 18 years or over, or five dollars to an employee under 18 years; or
  - (b) 60 per cent. of his weekly wages;whichever is the lower.

3. Benefits shall be paid for a period to be fixed as provided herein but not for more than 13 weeks in one calendar year, nor in a greater ratio than one week of benefits to four weeks of employment by one or more employers in the State during the two preceding calendar years;

4. Benefits shall be paid to an employee only:
  - (a) if he has been employed by one or more employers in the State for not less than 26 weeks during the two preceding calendar years;
  - (b) while he is capable of and available for employment and unable to obtain employment in his usual employment or in another employment for



which he is reasonably fitted. But he shall not be required to accept employment:

(1) in a situation vacant in consequence of a stoppage of work due to a trade dispute;

(2) if the wages, hours, and conditions offered be not those prevailing for similar work in the place of employment or are such as tend to depress wages or working conditions.

5. The duty of paying benefits shall not be shifted by employment for less than six days if such employment is temporary in character.

SECTION 5. *When benefits not paid.* An employee shall not be entitled to benefits:

1. if he has lost his employment through misconduct; or

2. if he has left his employment voluntarily without reasonable cause; or

3. if he has left or lost his employment due to a trade dispute in the establishment in which he was employed, so long as such trade dispute continues.

SECTION 6. *Break in unemployment.* 1. Employment at any work for which provision of benefits is not required, shall suspend the right to benefits. If the employee becomes unemployed after three months or more of such employment, his right to benefits shall recommence upon notification of unemployment and the running of the waiting period. If he becomes unemployed within three months of his acceptance of such employment, his right to benefits shall recommence upon notification of unemployment.

2. If an employee undertakes such employment during the two-weeks' waiting period it shall not affect the running of such period if it continues for six days or less.

3. The employee shall inform the employment office at which he has given notification of unemployment, when he begins and leaves such employment.

SECTION 7. *Notification.* An employee may give notice of his unemployment either in the State employment office for the district in which he resides or in the employment office established under this act by the industry in which he is usually or was last employed.

SECTION 8. *Proof of right.* The employee shall prove his right to benefits and the continuance of such right in such manner as may be provided by the rules and regulations of the department.

SECTION 9. *Jurisdiction continuous.* Jurisdiction over benefits shall be continuous. Benefits paid to any individual shall be modified whenever necessary to make the amount correspond to the amount or period fixed by the appropriate industry board.

SECTION 10. *Method of determining disputed right to benefit.* 1. If the employer, or industry fund liable to pay benefits, upon request by the employee, fail to pay, or to continue to pay, the benefit as provided in this act, the employee may file a claim with the officer in charge of the employment office at which he has given notice of his unemployment. The claim must be filed within one month of default in payment.

2. If such officer believe the claim correct, or as soon as it has been corrected, he shall notify in writing such employer or industry fund, of the claim and that he may contest it by filing, within five working days after the receipt of notice, a denial of the claim in such form as the department may provide; and such denial shall operate as an application for a hearing before the officer.

3. If the claim appear to such officer invalid or improperly made, he shall, within three days, notify such employer, or industry fund. He shall also notify the employee of his right to make an application for a hearing before the officer which must be made within five working days. Such notifications and applications shall be in such form as the department may provide.

SECTION 11. *Appeals.* The secretary shall provide for an appeal from the decision of the officer to an appeal board of three members, appointed by the



secretary. This appeal board shall contain one employer and one employee, or representative of employees, who shall be resident within the district for which they serve, and one person who is not an employer, an employee or a representative of either.

SECTION 12. *Questions of law to court.* The secretary, or an appeal board, may certify questions of law to the (appropriate court).

SECTION 13. *Agreement to contribution by employees void.* No agreement by an employee to pay any portion of the payment made by his employer for the purpose of providing benefits either through the fund or otherwise, shall be valid and no employer shall make a deduction for such purpose from the wages or salary of any employee. But nothing in this act shall effect the validity of voluntary arrangements whereby employees individually or collectively agree to make contributions for the purpose of securing unemployment benefits in addition to those provided by this act.

SECTION 14. *Waiver of agreement void.* No agreement by an employee to waive his right to benefits under this act shall be valid.

SECTION 15. *Assignments.* Benefits due under this act shall not be assigned, released or commuted and shall be exempt from all claims of creditors and from levy, execution and attachment or other remedy for recovery or collection of a debt, which exemption may not be waived.

SECTION 16. *Administration.* 1. This act shall be administered by the Department of Labor and Industry and the department shall have power to make all rules and regulations and to make all appointments which are necessary for the enforcement of the act.

2. The secretary shall appoint for two years an employment advisory committee, consisting of an equal number of representatives of employers and employees, to be selected from lists submitted for that purpose by employers and employees, and one person who is neither an employer, an employee nor a representative of either and who shall act as chairman. The committee shall meet on the call of the secretary and shall assist the secretary without pay in investigations and the general administration of this act.

SECTION 17. *Exemption.* 1. The secretary may exempt from the duty of paying contributions to the fund, an employer:

(a) who furnishes satisfactory proof of financial ability to pay the benefits fixed for unemployed persons in his industry, or the most similar industry as determined by the secretary; or

(b) who submits a plan for unemployment relief which in the opinion of the secretary will give benefits at least equal to the benefit as estimated in subsection (a) of this section

2. As a condition to granting exemption, the secretary shall require the employer to furnish such security as he may deem sufficient to insure payment of all benefits, including the setting up of proper reserves. He may from time to time require further proof of financial ability of an exempted employer. For lack of such proof, or for failure to comply with the provisions of this act, or with the rules and regulations of the department, the secretary may, upon 10 days' notice and opportunity to be heard, revoke the exemption of any employer.

3. An exempted employer shall pay the benefits provided for in subsection one of this section.

SECTION 18. *Unemployment reserve fund.* There is hereby created a fund to be known as "The Unemployment Reserve Fund." Such fund shall consist of all contributions received and paid into the fund, of property and securities acquired by and through the use of moneys belonging to the fund and of interest earned upon moneys belonging to the fund and deposited or invested. Such fund shall be applicable to the payment of benefits.

SECTION 19. *Payment of contributions.* Contributions shall be paid by employers to the fund at such times as may be fixed by the secretary, at the rate of one and one-half per cent. of the wages paid to employees.

SECTION 20. *Record and audit of payrolls.* Every employer shall keep a true and accurate record of the number of his employees and the wages paid by him, and shall furnish to the secretary, upon demand, a sworn statement of the same. Such record shall be open to inspection at any time and as often as may be necessary to verify the number of employees and the amount of the payroll. Any employer who shall fail to keep such record or who shall wilfully falsify any such record, shall be guilty of a misdemeanor.

SECTION 21. *Collection of contributions in case of default.* If an employer shall default in any payments required to be made by him to the fund, after due notice the amount due from him with interest at 6 per cent. from the date when due, shall be collected by civil action against him in the name of the secretary, and the same when collected, shall be paid into the fund, and such employer's compliance with the provisions of this act requiring payments to be made to the fund shall date from the time of the payment of said money so collected.

SECTION 22. *Bankruptcy.* In the event of bankruptcy or insolvency of an employer, the amount due for contribution shall be a preferred asset second only to wages.

SECTION 23. *Classification of employments.* The secretary shall classify the employers in the fund into industries or groups of industries. The assets of each such class shall constitute a separate branch of the fund, to be known as its industry fund, and shall be liable for the benefits payable to employees whose last employer was a member of such class.

SECTION 24. *Organization of industry funds.* 1. Upon classification of any industry, or group of industries, the secretary shall provide a board of not less than five members, at least three of whom shall be employers in such industry. The board shall be known as the Employment Stabilization Board for the (name of industry) Industry. Each member of the board shall hold office for the period of one year, or until his successor is appointed and qualifies.

2. The board shall have power:

(a) for the purposes of this act, to make rules and regulations for its class, which shall take effect when approved by the secretary; and

(b) to fix periodically the amount of benefits payable from its industry fund, the period for which payable, and the times of payment, subject to the provisions of the act and the approval of the secretary and the superintendent of insurance. Such benefits shall be as near the amount of the maximum provided herein as the condition of the industry fund of such class permits, and the decision of the board may be modified from time to time so that such fund shall always remain solvent; and

(c) to award dividends to employers based on their experience in maintaining regular employment; and

(d) subject to the approval of the secretary, to appoint and fix the remuneration of the officers and employees of its industry fund; and

(e) to do all other things which may be necessary for carrying on the business of its industry fund.

3. Whenever more than two employers in a classified industry employing more than half of the persons employed in such industry, shall so request, the secretary may provide for the election of the board by the employers in the industry and may provide for a vote by each employer in proportion to the total number of his employees. Such employment shall be corrected for each annual election. If votes at any such election are not cast by more than two employers employing more than half of the employees in such industry, the election shall not be valid, and the secretary shall appoint the members of the board.

SECTION 25. *Employment Offices.* Any employment stabilization board elected by the employers may, with the approval of the secretary, create an employment office to serve the employers in the industry, and such branches as they may think desirable. The expense of such office shall be a charge upon the assets of the industry fund. Such board shall, subject to a mini-

mun remuneration fixed by the secretary, appoint and fix the remuneration of the officers and employees of such employment office, and shall, with the approval of the secretary, make rules and regulations for its operation.

**SECTION 26. *Powers of Secretary.*** 1. Each employment stabilization board shall make such report to the secretary as he shall request and their books, accounts and records shall at any reasonable time be open to him or to any duly accredited representative. He may at any time investigate the conduct of an employment office maintained by such a board.

2. The secretary may make rules and regulations to provide for the co-operation between the industry employment offices and with the public employment offices.

**SECTION 27. *Expenses of administration.*** The expenses of administration shall be borne by the State, except as otherwise provided in this act.

**SECTION 28. *Expense of hearings.*** Fees of witnesses and other expenses involved in hearings and appeals under this act shall be paid on the same rate as similar expenses are paid in hearings under the Workmen's Compensation Law and shall be treated as expenses under this act.

**SECTION 29. *Penalties.*** 1. Any person who wilfully makes a false statement or representation:

(a) to obtain any benefit or payment under the provision of this act, either for himself or for any other person; or

(b) to lower contributions paid to the fund; or

2. Any person who wilfully refuses or fails to pay a contribution to the fund; or

3. Any employer who shall make a deduction from the wages or salary of any employee to pay any portion of the contribution to secure benefits under this act:

shall be guilty of a misdemeanor.

**SECTION 30. *Separability of provisions.*** If any provisions of this act, or the application thereof to any person or circumstance, is held invalid, the remainder of the act, and the application of such provision to other persons or circumstances, shall not be affected thereby.

**SECTION 31. *Time of taking effect.*** This act shall take effect immediately, except that the requirements in respect of benefits and applications for benefits shall take effect on January first, 1932.

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## APPENDIX G (Second Part)

### (2) A PLAN MODELED UPON THE OHIO BILL

#### Abstract

This act provides for a system of unemployment insurance for all manual workers in establishments where three or more employees are engaged, except in the case of agriculture and private domestic service which are exempt from all mandatory features of the act, and for all non-manual employees in such establishments whose salaries are less than \$2000 a year.

The benefits are payable only to those laid off for lack of work or who suffered from this cause a loss of more than 25 per cent. of their normal full-time. They are not payable to those who were discharged for just cause or who left voluntarily without just cause nor those who voluntarily absented themselves from work. A waiting period equal to two full-time weeks from the date the unemployed worker registers is also imposed. Benefits are to amount to 50 per cent. of the full-time weekly or daily wage of the worker but are not to exceed \$18.75 a week and will not be paid for more than 13 weeks during the year. Benefits will not be paid to those who refuse work in occupations for which they are fitted at the going rate of wage. It is also provided that the unemployed worker receiving benefits may be required to attend classes of a general or vocational nature under penalty of losing the benefit.



The contributions to the fund are to be made by employers and employees jointly. The contribution of the employees will amount to one and one-half per cent. of their earnings. The employer's contributions will vary according to the relative amount of unemployment in the past in his industry or establishment but in no case are to exceed 3 per cent. and are to average approximately 2 per cent. The State will make no cash contribution to the fund but will bear the expense of administering the fund and the registration and employment offices.

The administration of the fund and of the employment offices is to be in the hands of an Unemployment Compensation Board of five members appointed by the Governor and with the consent of the Senate. Two of these are to represent the employers and selected from a panel of names submitted by accredited organizations of employers. Two members are to represent the employees from a panel of names submitted by accredited organizations representing the group.

Provision is made for self-insurance by individual employers provided they grant equal benefits to those provided under the act.

## **TENTATIVE DRAFT OF AN UNEMPLOYMENT INSURANCE LAW FOR PENNSYLVANIA**

**SECTION 1.** There is hereby created an **UNEMPLOYMENT COMMISSION OF PENNSYLVANIA**, to be composed of five members appointed by the Governor with the advice and consent of the Senate. Not more than two of the appointees to such commission shall be persons who, on account of their previous vocation, employment, or affiliation, can be classed as representatives of employers, and not more than two of such appointees shall be persons who, on account of their previous vocation, employment, or affiliation, can be classed as representatives of employees, and not more than three of the members of such commission shall belong to the same political party. These four members shall be appointed by the Governor from lists submitted by accredited organizations representing employers and employees respectively. The members of the commission shall be appointed by the Governor within 30 days after the date when this act becomes effective; two of which members shall be appointed for the term of two years, two members for four years, and one member for six years, and thereafter as their terms expire the Governor shall appoint two members for the term of six years. Vacancies shall be filled by appointment by the Governor for the unexpired term.

**SECTION 2.** The Governor at any time may remove any member of the Unemployment Commission of Pennsylvania for inefficiency, neglect of duty, malfeasance, misfeasance or nonfeasance in office.

**SECTION 3.** No commissioner shall hold any position of trust or profit, or engage in any occupation or business interfering or inconsistent with his duties as such commissioner; and no commissioner shall serve on any committee of any political party.

**SECTION 4.** Each of the members of the commission shall receive an annual salary of Seven Thousand Five Hundred Dollars, payable in the same manner as the salaries of other State officers are paid. Before entering upon the duties of his office, each member of said commission shall take and subscribe the constitutional oath of office and shall swear or affirm that he holds no position upon any committee of a political party, which oath or affirmation shall be filed in the office of the Governor. Each member of said commission shall give a bond in the sum of Ten Thousand Dollars, which bond shall be approved by the Governor and filed with the State Treasurer. All employees or deputies of the said commission receiving or disbursing funds of the State shall give bond to the State in amounts and with surety to be approved by said commission.

**SECTION 5.** The commission shall choose one of its members as chairman. A majority of such commission shall constitute a quorum to transact business. No vacancy shall impair the rights of the remaining commissioners to exercise all the powers of the commission, so long as a majority remains. Any



investigation, inquiry, or hearing which the commission is authorized to hold, or undertake, may be held or undertaken by or before any one member of the commission, or by or before one of its deputies, and every order made by a member thereof, or by one of its duly authorized deputies, when approved and confirmed by a majority of the members and so shown on its records of proceedings, shall be deemed to be the order of the commission.

SECTION 6. The commission shall keep and maintain its office in the city of Harrisburg, Pennsylvania, and shall provide suitable room or rooms, necessary office furniture, supplies, books, periodicals, maps and appliances as they deem necessary. The commission may hold sessions in any place within the State of Pennsylvania.

SECTION 7. As used in this act the following terms shall be defined and construed as follows:

(a) "COMMISSION" means the Unemployment Commission of Pennsylvania.

(b) "EMPLOYER" means every person, firm or private corporation who shall have three or more employees in a common employment. It shall not include the State of Pennsylvania as an employer, nor any municipal or public corporation, nor any political sub-division; nor any farmer; nor any person, firm or corporation engaged in Interstate Commerce and subject to the supervision and jurisdiction of the Interstate Commerce Commission; nor any person, firm or corporation to which this act may not apply by reason of any provision of the Constitution of the United States or of any act of Congress.

(c) "EMPLOYMENT" means any employment for hire within the State of Pennsylvania, and shall include any trade, occupation, or process of manufacture or any method of carrying on said trade, occupation or process of manufacture in which any person may engage, but shall not include private domestic service or persons engaged in farm labor, unless the employer of domestic or farm labor accepts the provisions of this act.

(d) "EMPLOYEE" means any person employed for hire by an employer in an employment in Pennsylvania subject to this act, except a person whose employment is not in the usual course of the trade, business, profession or occupation of the employer, and except further, persons whose income from employment other than manual labor is more than TWO THOUSAND DOLLARS per year.

(e) "BENEFIT" means money allowance payable to an employee as unemployment insurance or compensation as provided in this act.

(f) "WAGES" means the money rate at which the employee is recompensed under the contract of hiring in force at the time he became unemployed, or partially unemployed, including the reasonable value of board, rent, housing, lodging, or similar advantage from the employer.

(g) "FUND" means the Unemployment Insurance Fund established by this act.

(h) "UNEMPLOYMENT" A person shall not be deemed to be unemployed during any week in which he is following an occupation for which he derives wages not less than 75 per cent. of his usual remuneration.

SECTION 8. In addition to all other powers granted to the commission by provisions of this act, the commission shall have full power as follows:

(a) To adopt and promulgate rules governing,

(1) The time, place, and manner of making claims for benefits under this act.

(2) The procedure for investigating, hearing and deciding claims.

(3) The kind and character of notices required thereunder.

(4) The nature and extent of the proofs and evidence, and the method of taking and furnishing same to establish the right to benefits.

(5) The method and time within which adjudications and awards shall be made.

(b) To amend and modify its rules from time to time in such respects as the commission may find necessary or desirable.

(c) To appoint secretaries, clerks, investigators and deputies as required for the administration of the provisions of this act, and to determine their salaries and duties.

(d) To create such districts and branch offices as may be required for the proper administration of this act.

(e) To provide for the registration of all persons who are unemployed and to adopt such measures as may be feasible to promote their re-employment including the establishment and management of the public employment offices.

(f) To maintain such agencies for investigating unemployment and promoting regularity of employment as it may find feasible; and to license and supervise the conduct of all private employment agencies.

(g) To require all employers subject to the provisions of this act to furnish to it information from time to time concerning the amount of wages paid, the number of employees employed, the regularity of their employment, the number of former employees unemployed, the reason for their unemployment, the likelihood of their future re-employment, and the probable requirements of employment of new employees; and to require such employers to give other and further information respecting any other facts required for the proper administration of this act.

(h) To classify generally all occupations and employment, and all employers individually, as to the general hazard of unemployment in such occupation and employment; and as to the particular hazard of such employer having especial reference to the history of the regularity of employment of employees of such employer.

(i) To provide for the levy and collection from all employees of employers subject to this act and all employers subject to the provision of this act, excepting only those employers hereafter referred to as "SELF-INSURERS," of the premiums required for the maintenance of the Unemployment Insurance Fund as further required by this act.

(j) To receive, hear and decide all claims for unemployment benefits, whether against the Unemployment Insurance Fund or against a self-insuring employer, and to provide for the payment of such claims as are allowed.

(k) To determine within the limits provided by this act the premium rates upon employers subject to this act.

**SECTION 9.** All unemployed employees of employers subject to this act shall be entitled to receive unemployment benefits; subject, however, to the following conditions:

(a) No employee shall be entitled to any benefits unless within the year preceding he has been employed by employers subject to this act, and has contributed to the Unemployment Insurance Fund one and one-half per cent. of his wages for a period of not less than **TWENTY-SIX WEEKS**; nor unless he has been so employed and has contributed to said Unemployment Insurance Fund premiums of **ONE AND ONE-HALF PER CENT.** of his wages for a total period of not less than **FIFTY-TWO WEEKS**.

(b) The total benefits to which an employee shall be entitled in any calendar year shall not exceed 13 times his benefit for one week of total unemployment, nor exceed **ONE WEEK** of benefits for total unemployment for each four weeks of employment by employers subject to this act in the two years next preceding.

(c) Benefits shall be payable on account of each week of unemployment, after a waiting period of two weeks, at the rate of 50 per cent. of the employee's weekly wage, provided, however, that no benefit shall be in excess of Eighteen Dollars and Seventy-five Cents per week.

(d) In cases of partial unemployment where, by reason of part time employment, there is an impairment of wages in excess of 25 per cent., a benefit shall be paid as in cases of total unemployment, except that the amount of such benefit shall be one-half of the impairment in wages due to such partial unemployment, but not to exceed \$10.00 per week, and shall continue for the period of such unemployment; provided, however, that the total amount of the benefits payable, whether for partial unemployment, or total unemployment,

or partial unemployment and total unemployment, shall be as already stated; and provided further that no benefits shall be payable for such partial unemployment until after a waiting period such that the loss of time in such partial unemployment is equal to two weeks' total unemployment.

(e) The waiting period shall commence on the day the employee registers as unemployed at the PLACE OF REGISTRATION maintained by the commission in the city or district of his employment.

(f) Benefits shall be paid to an unemployed employee only while he is capable of, and available for employment, and unable to obtain employment in his usual employment, or in another employment for which he is reasonably fitted, provided however, that the right to benefits shall not be destroyed by reason of a refusal to accept employment IF,

(1) There is a strike or lockout in the establishment in which employment is offered; or

(2) The employment is at an unreasonable distance from his residence, having regard to the character of the work which he was accustomed to do; or

(3) Travel to the place of employment involves expense substantially greater than that required for his former employment, unless the expense be provided for; or

(4) The employment offered is at a rate of wage lower, or on conditions substantially less favorable than in his usual employment or any similar employment for which he is fitted.

(g) After a reasonable length of time if the unemployed employee is unable to find work in his usual trade or locality, he may not refuse a reasonable offer of employment in another trade or locality without losing his claim for benefit.

(h) No benefits shall be payable to an unemployed employee who has lost his employment through his own misconduct in such employment, or who has left his employment voluntarily and without reasonable cause; or who has left or lost his employment by reason of a strike or lockout in the establishment in which he was employed, so long as the strike or lockout continues; or who fails or refuses to report to the commission from time to time as required by its rules; or whose unemployment has been directly caused by act of God; or who becomes unemployed by reason of becoming an inmate of any penal institution.

**SECTION 10.** Every unemployed employee receiving benefit may be required by the Board, with the advice of the Superintendent of Public Instruction, to attend such classes for either general or (and) vocational instruction as the Superintendent of Public Instruction may provide. Any employee refusing to attend such classes or who absents himself an unreasonable number of times is to be deprived of his benefit.

**SECTION 11.** There is hereby created a fund to be known as the UNEMPLOYMENT INSURANCE FUND. Such fund shall consist of all premiums received and paid into the fund by employers and employees; or property and securities acquired by and through the use of moneys belonging to the fund; and interest earned upon money belonging to the fund. Such fund shall be applicable to the payment of benefits as provided herein.

**SECTION 12.** The State Treasurer shall be the custodian of the fund and all disbursements therefrom shall be paid by him upon vouchers authorized by the commission and signed by any two members of said commission, or, such vouchers may bear the facsimile signatures of the members of said commission printed thereon, and the signature of the deputy or other employee of said commission charged with the duty of keeping the account of said funds and with the preparation of vouchers for the payment of benefits to the person or persons entitled thereto.

**SECTION 13.** The State Treasurer is hereby authorized to deposit any portion of the fund not needed for immediate use, in the same manner and subject to all the provisions of the law with respect to the deposit of State funds by such treasurer; and all interest earned by such portion of the fund



as may be deposited by the State Treasurer in pursuance of authority herein given, shall be collected by him and placed to the credit of such fund.

SECTION 14. The commission shall have the power to invest any of the surplus or reserve belonging to the fund in bonds of the United States, farm loan bonds issued under the provisions of the Act of Congress known as the Federal Farm Loan Act, approved July 17, 1916, and amendments thereto, the State of Pennsylvania, of any county, city, village or school district, or any conservancy district of the State of Pennsylvania, at current market prices for such bonds; provided that such purchase be authorized by a resolution adopted by the commission and approved by the Governor; and all such bonds so purchased forthwith shall be placed in the hands of the State Treasurer who is hereby designated as custodian thereof, and it shall be his duty to collect the interest thereon as the same becomes due and payable, and also the principal thereon and to pay the same, when so collected, into the fund. The State Treasurer shall honor and pay all vouchers drawn on the fund for the payment of such bonds when signed by any two members of the commission, upon delivery of said bonds to him when there is attached to such voucher a certified copy of such resolution of the commission authorizing the purchase of such bonds; and the commission may sell any of said bonds upon like resolution and the proceeds thereof, shall be paid by the purchaser to the State Treasurer upon delivery to him of said bonds by the treasurer.

SECTION 15. The State Treasurer shall give a separate and additional bond, in such amount as may be fixed by the Governor, and with sureties to his approval, conditioned for the faithful performance of his duties as custodian of the fund herein provided for. Such bond shall be deposited with the Secretary of the Commonwealth and kept in his office.

SECTION 16. Excepting as hereinafter provided, every employer, subject to the provision of this Act, shall in the month of January, 1932, and semi-annually thereafter, pay into the Unemployment Insurance Fund the amount of premiums determined and fixed by the commission for the employment or occupation of such employer, the amount of which premium to be so paid by such employer to be determined by the classification, rules and rates made and published by said commission, and such employer shall semi-annually thereafter pay such further sum of money into the Unemployment Insurance Fund as may be ascertained to be due from him by applying the rules of said commission, and a receipt or certificate certifying that said payment has been made shall immediately be mailed to such employer by the commission, which receipt or certificate, attested by the seal of said commission, shall be prima facie evidence of the payment of such premium. Provided, however, that such employers, otherwise referred to in this Act as SELF-INSURING EMPLOYERS, who will abide by the rules of the commission and may be of sufficient ability to render certain the payment of benefits to unemployed employees equal to or greater than provided for from the Unemployment Insurance Fund, and who do not desire to insure the payment thereof, may, upon the evidence of said fact by the commission, elect to pay individually such benefit directly to their said unemployed employees, and the commission shall require such security or bond from said self-insuring employers as it may deem proper, adequate and sufficient to secure to such unemployed employees the payment of the benefits herein provided for, which shall in no event be less than that paid out of the Unemployment Insurance Fund in similar cases. Should municipal or other bonds be accepted by the said commission as security for said payments, such bonds shall be deposited with the State Treasurer, whose duty it shall be to have custody thereof, and to retain the same in his possession according to the conditions prescribed by the order of the commission accepting the same as security, and said treasurer shall retain possession of said bonds until such time as he may be directed by said commission as to the mode and method of his disposition of the same, and said commission shall make and publish rules and regulations governing the mode and manner of making application, the nature and extent of the proof required to justify such finding of fact by the commission to permit such election of such employers, which rules and regulations shall be general in their application. The commission may at any time change or modify its findings of fact herein provided for or revoke the right of said employer to pay benefits direct, if in its judgment such action is necessary



or desirable to secure or assure a strict compliance with all the provisions of the law in reference to the payment of benefits.

Any self-insuring employer may substitute for the benefits provided by this act any other plan which will, in the opinion of the commission provide benefits equivalent to or greater than those provided for in this act, and without greater burdens upon the employees in the form of premiums or otherwise and which is further shown to be desired with substantial unanimity by the employees of said employer. If at any time such plan or its administration is claimed to fail to meet such standard, the commission shall, upon proper notice to said employer, and after hearing, determine such fact; and if said finding is adverse to said employer, it shall withdraw its permission; and thereupon said employer shall contribute its premiums to the fund, or in the alternative, qualify as a self-insurer, as hereinbefore provided.

SECTION 17. Every employee of an employer, subject to the provisions of this Act, which has not elected to be a self-insuring employer, and who is entitled to receive benefits under the provisions of the Act, shall pay into the Unemployment Insurance Fund, a sum equal to one and one-half per cent. of all wages received in such employment, and such employers shall be required to deduct from the wages so paid such amount as to pay the same into the Unemployment Insurance Fund under such regulations and at such intervals as the commission may determine and require. All employees of self-insuring employers who are entitled to benefits under this Act shall pay to such employers such sums as such employers shall require, provided, however, that such amount may not be in excess of one and one-half per cent. of the wages paid by said employer, and the time and method of collection and the records thereof, shall be subject to the approval of the commission.

SECTION 18. The rate of premium to be paid into the Unemployment Insurance Fund by all employers under this Act shall be a percentage of the employer's payroll to employees entitled to participate in benefits under this Act. For the purpose of establishing this rate employment shall be classified into groups equitably based on differences of unemployment hazard, and employers shall be classified into classes within such groups, equitably based upon their individual history of unemployment hazard; and premiums shall be fixed on an actuarial basis at the lowest possible rate consistent with the maintenance of a solvent insurance fund with reasonable reserves and surplus. In no event may the premium rate upon any employer be fixed at a greater percentage than three per cent. upon such payroll of such employer with a general average for all employers of two per cent.

SECTION 19. No agreement by an employee to pay any portion of the payment required to be made by his employer for the purpose of providing benefits either through the fund or otherwise, shall be valid; and no employer shall make a deduction for such purpose from the wages or salary of any employee. But nothing in this act shall affect the validity of voluntary arrangements whereby employees agree to make contributions for the purpose of securing unemployment benefits in addition to those provided in this Act.

SECTION 20. No agreement by an employee to waive his right to benefits under this Act shall be valid.

SECTION 21. Benefits due under this Act shall not be assigned, released or commuted and shall be exempt from all claims of creditors and from levy, execution and attachment or other remedy for recovery or collection of a debt, which exemption may not be waived.

SECTION 22. Whenever in any employment it is customary to operate only during a regularly recurring period or periods of less than one year in length, then the right to benefits shall apply only to the longest seasonal period or periods which the best practice of such industry or class of employment will reasonably permit. The commission shall ascertain and determine or redetermine such seasonal period or periods for each such seasonal employment. Until such determination, no employment shall be deemed seasonal.

SECTION 23. Every employer shall furnish the commission upon request, all information required by it to carry out the purpose of this Act. In the

month of January of each year, every employer of the State, subject to this Act, shall prepare and mail to the commission at its main office in the City of Harrisburg, Pa., a statement containing the following information, viz.: the number of employees employed during the preceding year from January 1st to December 31st, inclusive; the number of such employees employed at each kind of employment and the aggregate amount of wages paid to such employees and further information required by the commission, which information shall be furnished on a blank or blanks to employers free of charge upon request therefor. Every employer receiving from the commission any blank, with direction to fill out the same, shall cause the same to be properly filled out so as to answer fully and correctly all questions therein propounded, and to give all the information therein sought, or if unable to do so, he shall give to the commission in writing good and sufficient reasons for such failure. The commission may require that the information herein required to be furnished be verified under oath and returned to the commission within the period fixed by it or law. The commission or any member thereof, or any person employed by the commission for that purpose, shall have the right to examine under oath, any employer, or the officer, agent or employee thereof for the purpose of ascertaining any information which such employer is required by this Act to furnish to the commission.

Any employer who shall fail or refuse to furnish to the commission the annual statement herein required, or who shall fail or refuse to furnish such information as may be required by the commission under authority of this section, shall be liable to a penalty of five hundred dollars, to be collected in a civil action brought against said employer in the name of the State. All such penalties, when collected, shall be paid into the fund and become a part thereof.

SECTION 24. The information contained in the annual report provided for in the preceding section, and such other information as may be furnished to the commission by employers in pursuance of the provisions of said section, shall be for the exclusive use and information of said commission in the discharge of its official duties, and shall not be open to the public nor be used in any Court in any action or proceeding pending therein unless the commission is a party to such action or proceeding: but the information contained in said report may be tabulated and published in statistical form, for the use and information of other State departments and the public. Any person in the employ of the commission who shall divulge any information secured by him while in the employ of the commission in respect to the transactions, property, business or mechanical, chemical or other industrial processes of any company, firm, corporation, person, association, co-partnership or public utility to any person other than the members or employees of the commission shall be fined not less than One Hundred Dollars, nor more than One Thousand Dollars, and shall thereafter be disqualified from holding any appointment or employment with the commission.

SECTION 25. Each member of the commission, its secretary and all deputies appointed by the commission shall, for the purposes contemplated by this Act, have power to administer oaths, certify to official acts, take depositions, issue subpoenas, compel the attendance of witnesses and the production of books, accounts, papers, records, documents and testimony.

SECTION 26. In case of disobedience of any person to comply with the order of the commission or any deputy, or on the refusal of a witness to testify to any matter regarding which he may be lawfully interrogated, or refusal to permit an inspection as aforesaid, the Probate Judge of that county in which the person resides, on application of any member of the commission, its Secretary, or any deputy, appointed by it shall, compel obedience by attachment proceedings as for contempt, as in the case of disobedience of the requirements of subpoena issued from such Court on a refusal to testify therein.

SECTION 27. It shall be the duty of each member of a firm, and of the president, secretary, general manager and managing agent of each private corporation, including any public service corporation subject to this Act, to cause such firm or corporation to comply with the provisions of this Act, and any person or any member of such firm or any officer of such corporation referred to in this section who shall neglect or fail to comply with the pro-

visions of this Act relating to the making of reports and the payment of premiums to the Fund shall be guilty of a misdemeanor, and upon conviction thereof shall be fined not more than Five Hundred Dollars and the costs of prosecution. Such fine when collected shall be paid to the commission and placed in the State Insurance Fund.

Each day's refusal on the part of such persons, members of such firm or the officers of such corporations to comply with the provisions of this Act, after notice to said person, firm or corporation, including any public service corporation, from the commission to comply with the same, shall be deemed a separate offense and be punished as herein provided.

All Courts exercising jurisdiction in cases of misdemeanor, including justices of the peace, shall have final jurisdiction of offenses under this section; but an affidavit charging such an offense shall not be filed unless the same bears the approval of the prosecuting attorney of the proper county or of the attorney-general.

SECTION 28. If the commission finds that any person, firm or private corporation, including any public service corporation is, or has been at any time after January 1, 1932, an employer subject to the provisions of this Act and has failed to comply with the provisions of this Act, it shall determine the period during which he or it was such an employer, which finding and determination shall for all purposes of this Act be prima facie evidence thereof. The commission shall forthwith give notice of said action to the employer who shall immediately thereafter furnish the commission with a payroll covering the period included in said finding, together with an estimated payroll for six months next succeeding the date of such finding, if such employer is subject to the provisions of this Act, and shall forthwith either pay into the fund the amount of premium determined and fixed by the commission for such period or shall comply with the provisions with reference to the direct payment of the benefits provided by this Act as self insurer.

If said employer fails, neglects or refuses to furnish such payroll and pay the premium for such period or to elect to pay directly such benefits during such period within ten days after receiving such notice, the commission shall then determine the amount of premium due from said employer for the period the commission found him or it to be subject to this Act, including the amount of premium to be paid by him or it for the next succeeding six months, if such employer is subject to the provisions of this Act on the date of such determination, and shall notify said employer of the amount thereof and shall order the same paid into said fund. If said amount is not paid within ten days after receiving notice, the commission shall certify the same to the attorney general, who shall forthwith institute a civil action against such employer in the name of the State for the collection of such premium. In such action it shall be sufficient for plaintiff to set forth a copy of the finding of the commission relative to such employer as certified by the commission to the attorney-general and to state that there is due to plaintiff on account of such finding of the commission a specified sum which plaintiff claims with interest. A certified copy of such finding relative to such employer shall be attached to the petition and shall constitute prima facie evidence of the truth of the facts therein contained. The answer or demurrer to such petition shall be filed within ten days, the reply or demurrer to the answer within twenty days, and the demurrer to the reply within thirty days after the return day of the summons or service by publication. All motions and demurrers shall be submitted to the Court within ten days after the same are filed. As soon as the issues are made up in any such case, it shall be placed at the head of the trial docket and shall be first in order of trial.

Unless said employer shall, within ten days last aforesaid, execute a bond to the State, in double the amount so found and ordered paid by the commission, with sureties to the approval of the commission, conditioned that he or it will pay any judgment and costs rendered against him or it for said premium, the Court at the time of the filing of the petition, and without notice, shall appoint a receiver for the property and business of such employer, in this State, with all the powers of receivers in other cases, who shall take charge of all said property and assets of the defendant and administer the same under the orders of the Court.

If upon final hearing of said cause it is found and determined that the defendant is subject to the provisions of this Act the Court shall render judg-



ment against said defendant for the amount of premium, provided to be paid by such employer for such period under the provisions of this Act, with interest from the date of the determination of said amount by the commission, together with costs, which judgment shall be given by the same preference as is now or may hereafter be allowed by law on judgments rendered for claims for taxes.

If any employer who has complied with this Act shall default in any payment required to be made by him or it to the fund, for a period of ten days after notice that such payment is due, the same proceedings may be had as in the case of an employer against whom the commission has made a finding as hereinbefore provided.

If the defendant is a non-resident of this State or a foreign corporation doing business in this State, service of summons may be made upon any agent, representative or foreman of said defendant, wherever found in the State, or service may be made in any other manner designated by statute.

The commission, for good cause shown, may waive a default in the payment of premium where such default is of less than sixty days' duration, and upon payment by the employer of the premium for such period, he and his employees shall be entitled to all of the benefits provided by this Act.

SECTION 29. The commission shall have full power and authority to hear and determine all questions within its jurisdiction, and its decisions thereon in each claim shall be final. Provided, however, that any employer or employee aggrieved by any order or decision of the commission may, within 15 days thereafter appeal such order or decision to the Court of Common Pleas of the county wherein said appellant is resident or was last employed; and said appeal shall be heard upon a transcript of the proceedings before the commission and said order shall not be modified nor reversed unless said Court shall find, upon consideration, of the Record, that it was unlawful and unreasonable. Either party shall have the right to prosecute error from the decision of the Court of Common Pleas as in other civil cases.

SECTION 30. All claims for benefits under this Act shall be waived, unless made within sixty days from the date when unemployment began.

SECTION 31. Employment at any work for which provision for benefits is not required shall suspend the right to benefits. If the employee loses such employment within six months of the cessation of his employment by his previous employer his right to benefit shall recommence upon registration and expiration of the waiting period.

SECTION 32. If an employee undertakes such employment during the two weeks' waiting period it shall not affect the running of such period if it continues for one week or less.

SECTION 33. The employee shall notify the employment office at which he is registered when he begins and leaves such employment.

SECTION 34. The entire cost of the administration of this Act, including salaries and other expenditures required, shall be paid upon vouchers of the commission out of the general funds of the State.

SECTION 35. If any employer, employee or other person shall violate any provisions of this Act or shall do any act prohibited by this Act or shall fail or refuse to perform any duty lawfully enjoined, within the time prescribed by the commission, for which no penalty has been specifically provided, or fail, neglect or refuse to obey any lawful order given or made by the commission, or any judgment or decree made by any Court in connection with the provisions of this Act, for each such violation, failure or refusal such employer or other person shall be fined not less than Fifty Dollars, nor more than One Thousand Dollars for the first offense and not less than One Hundred nor more than Five Thousand Dollars for each subsequent offense.

SECTION 36. Every day during which any person, persons or corporations, or any officer, agent or employee thereof shall fail to observe and comply with any order of the commission, or to perform any duty enjoined by this Act



shall constitute a separate and distinct violation of such order or said section as the case may be.

SECTION 37. The sections of this Act, and every part of such sections are hereby declared to be independent sections, and parts of sections and the holding of any section or part thereof to be void or ineffective shall not affect any other section or part thereof.

SECTION 38. This Act shall be in effect on and after July 1st, 1931; but no premiums shall be payable by employees or employers until on and after January 1st, 1932.

## PART THREE

### Reports of Sub-Committees

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#### 1. REPORT OF THE REGULARIZATION BY PRIVATE EMPLOYERS COMMITTEE

##### 1. Activities

Your Regularization by Private Employers Committee, as appointed on November eighth, met immediately after the meeting of the Pennsylvania Committee on Unemployment, at the Benjamin Franklin Hotel and discussed informally the scope and the prospective activities of the Committee. It was decided that probably the most effective method would be to hold a series of meetings at strategic industrial centers of the State, where important speakers could meet with and discuss the various accepted plans of regularization with the leading employers of that district.

Before holding the first of such meetings, it was deemed advisable to call in a few of the industrial leaders for their advice and counsel in both methods and scope. Consequently, a small group was invited to meet with your Committee at the Manufacturer's Club, Philadelphia, on Tuesday, November 18th. The attendance was not large but the enthusiasm and the practical suggestions expressed were of material benefit to us. Their advice of regional meetings concurred with our own judgment, and as a result, a general meeting was called and held at the Manufacturers' Club, Philadelphia, on Tuesday, November 25th. This meeting was attended by the important industrialists of the Philadelphia Metropolitan area, including the counties of Philadelphia, Chester, Delaware, Montgomery and Bucks. The meeting was addressed by Senator Grundy, Dr. Clyde King, Mr. Morris L. Cooke, one of the Committee; Mr. Philip Gadsden, of the U. G. I. Company; Mr. Morris Leeds, another member of the Committee, and Dr. Billikopf, of the Lloyd Committee.

By resolution, three in number the meeting (1) called for the summarization and publication of the plans for Regularization as successfully operated in industry, (2) pledged itself to a program of plant betterment, extension and repair, and (3) pledged the distribution of available jobs among as many as possible by eliminating overtime through more shifts.

A second regional meeting was projected for the Bethlehem, Easton, Allentown, Stroudsburg section, but a close study of employment in that territory revealed that we have nothing to offer for the present emergency that is not being done. Our information is that payrolls of the industries of the Section in question are running about 60% of normal; that the work is being distributed, and that while incomes are materially reduced, there is no one out of a job who wants to work. There being no emergency, emergency measures are unnecessary. Hesitating to disturb a situation that is eminently satisfactory, we are holding in abeyance our meeting, but are in direct contact with the situation, and if the need becomes apparent, our ground work can be utilized in short order.

We next called and held a meeting in Harrisburg on Tuesday, December 9th, with industrialists from the central section of the State, reaching from Williamsport to York and from Lewistown to Lancaster and Lebanon.

This meeting aroused considerable enthusiasm, especially was it fruitful of stimulating the work of the County Committees in the sections represented. The meeting was addressed by Governor-elect Pinchot, Dr. Clyde King, Dr. Harlow Person, of New York, and representatives of the County and City Committees of the section.

This meeting likewise passed Resolutions (1) to foster plant extensions, betterments and equipment, and (2) create as much employment as possible by shorter shifts and no overtime.

Further meetings, similar in nature are planned for Pittsburgh, immediately after the Holiday Season, and for Erie at a not-yet-determined date.

## 2. Results

Your Regularization by Private Employers Committee can already lay its hands on a single instance of the result of its activity. The E. I. Dupont de Nemours Company sent a representative to the Philadelphia meeting, who next day wrote for a synopsis of successful regularization plans, from which would be devised a plan for installation in the far-flung plants of that corporation.

Undoubtedly others have been helpful in the emergency by instilling confidence into their employees, distributing employment, encouraging improvements, extensions and betterments and by creating an unemployment consciousness.

## 3. Co-operating Agencies

Your Committee found supporting co-operation from the Manufacturers' Association of Delaware County, Manufacturers' Association of Montgomery County, Manufacturers' Association of Lancaster County, Manufacturers' Association of York, Waynesboro Manufacturers' Association and the Harrisburg, Bethlehem, Williamsport, Stroudsburg, Pittsburgh and other branches of the Pennsylvania Manufacturers' Association. The Philadelphia Chamber of Commerce sent invitations to our Philadelphia meeting to their membership.

## 4. Publications

Your Committee deemed it desirable to compile a synopsis of Regularization and Stabilization plans for distribution to industrialists. A folder was consequently issued, which was the work of Dr. James T. Young, of the Wharton School, University of Pennsylvania, one of the Committee.

Approximately four thousand copies have been printed and about two thousand copies have been distributed.

(Signed) J. W. RAWLE,  
Chairman.

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## 2. REPORT OF THE SUB-COMMITTEE ON EDUCATION AND TRAINING

WILLIAM R. STRAUGHN, Chairman,

L. H. DENNIS,

J. W. VICKERMAN,

MRS. J. FRANK KEER,

C. J. GOLDEN,

RABBI PHILIP DAVID BOOKSTABER,

MRS. SAMUEL SEMPLE.

The Sub-Committee on Education and Training submits the following report, in which the conclusions are arrived at after extensive research, involving many personal interviews, some group meetings, and much correspondence with leading educators, business men, industrial and labor representatives. The committee has approached the problem of the contribution which education can make to unemployment ills from the point of view of making long-time human adjustments effective.

Any system of education or training must have the co-operation of all constructive social agencies. The cost of public education is met by the business interests of the State: in turn business has the right of accountancy from public education. It is but reasonable for business to know how the educational system functions to the advantage of the Commonwealth as well as of the individual. On the other hand, the business and social agencies must be acquainted with the State program of education. In this report, the Committee has tried to clarify the opportunities made available by the State, and to point out possible adjustments and advancements for future progress, with the hope that remedial measures employed now, and for years to come, may, in part at least, have something to do with alleviating social conditions in periods of distress. The program of Education and Training, as recommended by this Committee, can be carried out through the present administrative machinery of the Department of Public Instruction.

## Vocational and Technical Training

Industrial education can make its chief contribution to the Unemployment situation by developing an increased efficiency among the workers of tomorrow and by helping our youth to make more satisfactory occupational adjustments. Provisions should also be made for retraining the workers who find it necessary to seek other employment or to meet new conditions brought about through the development of the mechanization of industry.

The high school curriculum must be made more flexible and more varied in order that the needs of the greatly increased enrollment of our youth may be more specifically met from the standpoint of occupational adjustment. The vocational training opportunities now offered by our high schools and evening schools should be greatly extended to meet the needs of those not now being served. A greater flexibility should prevail in the operation of vocational classes, permitting of vocational instructional opportunities for any group seeking such instruction. Provision should be made for the proper use of correspondence courses where needed.

Vocational classes should be organized and conducted where they will best serve the needs of the group receiving the instruction. In many cases such classes should be organized within the plant where the men are employed, the classes being under public supervision and control.

Efficiency in industry depends much upon the training of the worker and his adjustment to his job. These are some of the problems of the foremen who are the key men in industry. Foreman training opportunities should be made generally available in all of our industrial centers. These should be organized as a part of the vocational education program of the State.

The machine age and other changing methods and conditions in industry are making it necessary for many men to seek new fields of employment. Retraining opportunities should be made available wherever necessary.

The mining industry finds it necessary to employ new methods of production. These new methods involve a much greater use of machinery and the application of power. The industry needs men who are trained to meet the new conditions and methods. This involves the retraining of men now in the industry and the setting up of vocational training opportunities in the field of mining for the youth of the mining areas of the Commonwealth.

Adequate provision has not been made for training for technical occupations of a junior engineering grade. The vocational education program should be extended to meet this need.

Pennsylvania's well established vocational rehabilitation program should be definitely extended to include the educational phases of retraining.

Many workers out of employment will find it impossible to take advantage of retraining opportunities unless either lunches or carfare or both are provided. We recommend that the committee on relief give this problem very careful study.

A satisfactory development of industrial education opportunities throughout the Commonwealth will depend very largely upon the availability of the services of trained industrial education leaders. The committee recommends that definite provision be made for the appointment of at least six district directors of industrial education. The development of the entire program outlined above can be quickly organized through the services of these district directors.

**Compulsory School Age**—A suggestion has been made to the committee that consideration be given to the raising of the compulsory school age limit from sixteen to seventeen or eighteen years. The committee after conferring with numerous educational leaders in this and other States, is of the opinion that the schools should first prepare themselves for serving this group before undertaking the raising of the compulsory age limit. It has been pointed out that many school districts are finding it exceedingly difficult to provide housing facilities for the group now in school and that to require the housing of additional groups on short notice would add many problems at a time when districts are finding it difficult to adequately finance public education.

It has been further suggested that to withdraw some youth from employment would be to take away the only source of income now enjoyed by some



families whose main wage earner is out of employment. The Committee feels that this matter should be carefully studied during the next biennium before recommending any legislation in the matter.

Communities should be encouraged to arrange attendance in the part-time continuation schools on a half-time basis. This will work to the educational advantage of the children and to the economic advantage of those by whom they are employed. To encourage this being done on a voluntary basis on the part of local communities, the aid of school districts for the operation of continuation schools should be increased whenever attendance in the continuation school is arranged on a half-time basis.

In order that school districts may gradually but effectively prepare themselves for the time when it will be found wise or even necessary to raise the compulsory school age, the development of vocational training facilities in continuation schools and secondary schools should be very generously encouraged.

### Labor Certificates

No temporary relief in the unemployment problem appears to be in prospect by advocating a raise of the compulsory school age to seventeen or eighteen years. Undoubtedly some relief, and of a more permanent nature, can be obtained by seeing that the conditions under which labor certificates are issued shall be more closely investigated. More personal attention should be given by the supervising school officer who is responsible for the issuance of these certificates to children between the ages of fourteen and sixteen. The truant officer, the school nurse, the visiting teacher, and even the principal himself are proper agencies to determine whether the labor of a child of this age is actually needed in the family. A sympathetic understanding of the family problem is necessary, but a vigorous effort to keep the fourteen-sixteen year old child off the streets and the highways will be an easement in acute and incompetent labor competition.

### Education for the Readjustment of Adults

The purpose of Extension Education is to provide educational equipment for a ready and intelligent readjustment of individuals to rapidly changing social and economic conditions. No additional legislation appears to be needed to make this program effective. Either school directors are slow to adopt this program for the benefit of their communities, or the citizens themselves have not pressed for these opportunities. Perhaps the State as a whole is ignorant of the means now available to aid the readjustment of wage earners. The committee, therefore, briefly outlines the problems for the purpose of calling emphatic attention to the fact that much can be done now. Mingled with the problem of readjustment is the large and menacing phase of adult illiteracy. A few basic facts must be presented as a logical approach to this problem.

The total enrollment in all junior and senior high schools of the State is 383,261. Yet the total number of working boys and girls of 'teen age not in any school whatever is 650,000. The total number of adults unable to sign their own names is 312,699. Total number unable to read and write English understandingly is 1,250,000. Total number unable to speak English is 162,240. Total number unable to carry on conversation in English is 500,000. The total number of foreign born residents above the age of 21 years who have not been naturalized is 708,743. It at once becomes clear that these are the groups first affected in a period of economic depression, as they are likely to be the first ones out of a job.

In order to eradicate illiteracy; to assimilate the foreign born; to aid social, industrial and economic readjustment; to prepare for citizenship; to enrich appreciations, enjoyments and usefulness of adult life; and to insure successful participation in the life of the community and of the nation, the Commonwealth will provide (and does provide where demanded according to law): public school classes in English and citizenship for immigrants; public school classes in reading and writing for negro and native white illiterates; home classes for foreign born mothers; evening elementary schools; evening high schools offering intensive courses adapted to the needs of special groups, and evening high schools offering accredited courses of study with credit toward graduation.

The problem resolves itself into one of getting the adults and minors of the upper 'teen age into these schools, particularly during periods of unemployment, when the morale is low. School districts having vocational schools should make the vocational instruction facilities available to all groups who can profit by such instruction. Instruction should be offered at such hours, and under such conditions, as will best meet the needs of the groups involved.

We wish to direct attention to the provisions of present legislation.

#### MANDATORY PROVISIONS

1. Whenever twenty or more residents of a school district, above the age of sixteen years, make written application for instruction in any of the following fields, the board of school directors of such districts shall provide such instruction:

- (a) English and citizenship for immigrants and native illiterates,
- (b) Elementary school instruction,
- (c) Secondary school instruction,
- (d) Citizenship for adults. (Section 4102, School Laws.)

2. Extension classes organized in response to such written application shall be provided in school buildings at any time not in conflict with regular day-school activities, as requested by such applicants. (Section 4102, School Laws.)

3. The minimum salary of extension teachers shall be \$1.00 per hour for the first year of service, \$1.25 per hour for the second year of service, and \$1.50 per hour for the third year of service. (Section 1210, Paragraph 19, School Laws.)

4. State aid shall be provided for all extension education classes at the same percentum of the minimum salary required as is paid to such districts of the minimum salary of regular day-school teachers. (Section 1210, Paragraph 19, School Laws.)

5. Extension class instruction shall be free but school districts may exact a deposit fee from each student of a sum not to exceed \$5.00, such fee to be returned at the close of each term to all such persons who have attended 75% or more of the class sessions of such term. (Section 4104, School Laws.)

6. Extension schools may not be closed until the average daily attendance for one month falls below ten. (Section 4103, School Laws.)

7. Extension schools and classes shall be a part of the public school system and shall be subject to all pertinent regulations governing the administration of day schools. (Section 4106, School Laws.)

#### PERMISSIVE PROVISIONS

1. Boards of school directors may organize and maintain extension classes in any course of study which they may deem advisable. (Section 4102, School Laws.)

2. Extension classes may be maintained at any place which may seem advisable to the responsible board of school directors. (Section 4103, School Laws.)

Our sub-committee on Education and Training joins with the Adult Extension Education Bureau of the Department of Public Instruction in requesting that particular emphasis be placed upon the following:

1. Upon the reduction of illiteracy as a first prerequisite in the readjustment of individuals to their environment.

2. Upon more genuine assimilation of our foreign born population as means of securing the contributions they are fitted to make.

3. Upon character education in our public school program with appropriate credit rewards for good citizenship as well as for scholastic attainment.

4. Upon education for our rapidly growing leisure.

5. Upon the development of intensive unit courses as emergency aids for individuals on the job.

6. Upon more widespread development of extension training courses for promotion to specific jobs.

7. Upon the development of junior and senior high school correspondence courses to provide extension education opportunities for rural districts and smaller communities.

8. Upon education in co-operative citizenship with special emphasis upon mutual interests of employers and employees.

9. Upon the development of extension schools and correspondence instruction in conservation and thrift; vegetable gardening; preservation of foods, preserving, cold packing, and storage; care of perishable foods; preparation of cheaper foods; purchasing and preserving clothing and footwear, remodeling and repairing old clothing; home repair and economies; budgeting (the wise use of income).

The committee recommends that an assistant be provided, if needed, in the Extension Education Bureau to carry out the provisions of this program.

### **New Adjustments in Present Public School Curricula**

In discussing that phase of unemployment which arises because of the large numbers of immatured boys and girls of 'teen age who have been thrust upon the competitive labor market, serious consideration must be given to the question whether the public school system today is functioning to the advantage of the State as well as of the individual: and whether or not it may be time to discard some old practices of promotion, to eliminate certain courses and minimize present values and time requirements. We are all agreed that education has no panacea, or cure-all, for the social ills that threaten us; in fact, except for slight variations, they are no different from the ills of former periods of depression. It is opportune, however, to raise the question whether new adjustments in the educational system may not be made with accruing advantage to the State. Waste in any form is socially undesirable and has much to do with the poverty and misery of individuals and communities—waste of money, of natural or acquired resources, of time or energy. Many of our leading educators and business men doubt that the present 12-year plan of the public school program is the best possible arrangement for social efficiency. Why 12 years—whether based on the 8-4 plan or the 6-6 plan? Why not eliminate a year, as has been done successfully in Kansas for the past several years, and organize on the 7-4 plan, or even better on the 6-5 plan—six years of elementary school system and five for the junior-senior high school? Or, perhaps best of all, why have any definite period of time, but adjust a flexible program of study to the child according to his ability to progress, instead of adjusting the child to a fixed program of study stated in terms of years? An active, enlightened program that challenges the child to his best effort, under competently-trained teachers, need not necessarily be expressed in terms of years, but in terms of accomplishments. Many children drop out of school because they have lost interest. If the so-called cultural subjects fail to arouse and maintain this interest, the school system should include vocational or technical schools to fit the needs of the boys and girls who have arrived at the age of 14, regardless of what grade they may have attained. The industrial and mining communities should be prepared to meet this need, and not further clog the ranks of labor with ill-prepared cheap labor. The State should make a further study of the possibilities of this suggestion, particularly to find out how other industrial nations have met the problem. Germany had to face this situation ahead of the United States, and we might well profit by finding out how she has attempted to solve the problem. Furthermore, our Commonwealth should encourage and support experimental schools in which these plans are tried before embarking upon a State-wide program involving changes in our present procedure. These experiments can be carried on under the actual conditions to be tested in the industrial and mining sections, and on the campus of some or all of our State Teachers Colleges. These schools are further discussed in this report under the heading of **EXPERIMENTAL SCHOOLS**.

### **Experimental Schools**

In this report the committee refers to Experimental Schools. We wish this term to be understood to mean a school in which the Commonwealth, through the control of finances by the State Council of Education, shall test the sound-



ness of its educational procedure, in which the cost can be estimated and determined, and the results checked. These really are opportunity schools in which the State by a controlled investment affords to those who attend an opportunity to enlarge their social and economic outlook; but the term Opportunity School is already in educational nomenclature with another meaning, so for the purpose of indicating a controlled test we are using the term Experimental School.

#### (a) FARMING DISTRICTS

The Commonwealth should assume in a large measure the final responsibility for seeing that the one-room rural schools have enriched curriculum that will be attractive to farm boys and girls. In spite of efforts at consolidation, there will always be thousands of one-room rural schools that cannot be consolidated into larger units. These are the ones that should have special attention, because they are usually located where the farmers are taxed to the very limit with the result that the schools have only the barest necessities. The Commonwealth should provide an Equalization Fund, perhaps of \$1,200,000, to be placed at the disposal of the State Council of Education for the purpose of equalizing educational opportunities in the farming districts. A large portion of this fund should be used in the one-room schools. A phase of the unemployment situation is that many families have moved from farming districts to industrial centers, and during the economic depression, with factories and mills closed down, the wage earners of the families find themselves without means of livelihood. Many of these wage earners left the farms because of inadequate educational opportunities for their children; they would have remained on the farm had the school opportunities been right, or had the tax burden not been so heavy. The Commonwealth can aid in the proper distribution of its population according to the capabilities of the individual wage earner, by giving adequate support to the schools that are located in the farming districts. The committee therefore suggests that a large portion of the proposed two million dollars of the Equalization Fund be used for five hundred to one thousand of these rural schools during the coming two years for the purpose of experimenting on a large scale with an enriched program of studies that will make these schools attractive without adding to the burden of the farmer, and in fact to relieve him somewhat of his school taxes. The State Council of Education would, in co-operation with the County Superintendent and the local school boards, select these schools and see that they are adequately equipped to give modern instruction in the fundamental subjects of the curriculum; and in addition, in Art, Music and Literature, in the same manner that these subjects are given in our best schools. Every one of these rural schools should have some works of art, and every one should have some modern music records, with a phonograph, or perhaps a radio. The children of these schools should have adequate reading material. We are training farm boys and girls for a future life that is comfortable to themselves, such comforts usually being expressed in the appreciation which one has developed in art, music and literature, as well as for the more practical economic necessities. Every one of these schools should have a motion picture machine so as to make available modern instruction through visual aids. These schools should have a definite program in Everyday Science as applied to the farm in which the boys and girls have an opportunity to try out simple testing of seeds and soils. This program should also consider farming problems. In fact the problems of the farm, relating to housing, stock and poultry, as well as field culture and farm mechanics should have attention in the upper grades in the rural schools—not that we expect that all of these children should go back on the farm, but that they shall at least have an appreciative understanding of our national farm problems. Co-operative marketing and co-operative buying should be considered. This is in line with the thought that problems are rarely ever solved during an emergency. Only temporary relief can be had. Problems are solved by a long process of study and thought. If we teach farming problems with an appreciation and sympathy we shall be doing much to aid in farm developments.

There are approximately 8,000 one-room schools in the State. If this experiment proves successful in the coming biennium, the program can be put on an accumulative basis, over a period of years taking in most of the one-



room schools until it shall appear that the State aid has enabled these isolated schools to conduct their own affairs on the customary legislative basis.

#### (b) MINING AND INDUSTRIAL COMMUNITIES

As an industrial State Pennsylvania must give particular attention to mining and industrial communities. These are the key to an economic fluctuation. It is therefore of utmost importance in a long time program of training that the State shall sponsor new types of vocational schools for training and re-training of adults and minors. Educational, industrial and labor leaders favor the more complete use of present buildings and equipment. To establish additional buildings and vocational equipment in the industrial sections would be a very expensive proposition. The committee suggests that co-operative schemes be entered into with various school boards and industries, on an experimental basis, to aid in developing the plans as outlined under VOCATIONAL AND TECHNICAL TRAINING, the State to furnish \$300,000, controlled by the Council of Education, to supplement the equipment and resources of the local industrial districts that co-operate.

#### (c) STATE TEACHERS COLLEGES

Any proposed change in the time or content elements of the present public school curriculum might advantageously be tried out in the campus training schools of the State Teachers Colleges, or in an affiliated school system that co-operates with the Teachers Colleges. No additional legislation is needed, and probably no additional funds are necessary unless these experimental schools enter the field of vocational or technical training. The committee has particularly in mind that several of the Teachers Colleges might co-operate with a local school district, and devise a new course of study based on the 7-4 plan, or the 6-5 plan, or some other plan approved by the Department of Public Instruction, to break up the present grade by grade plan of 12 years toward which some criticism has been directed. It is probable that a saving in time, in public money, and a more enriched, yet condensed, course of study can be devised, beneficial alike to the individual and to the community. The first care should be the need of the child, and the child should therefore be the unit of attention, rather than the course of study. If it should be found that children complete the prescribed course of study in the elementary and secondary schools, and have saved one or two years in time, and are below the usual college entrance age, they will have the advantage of entering the local State Teachers College where further comparison can be made of their rate of progress. This experiment should be tried on a scale sufficiently large to test the values of the results. It has already been done, in several instances, in Teachers Colleges and in public school systems, in a small way, but not with adequate authority so that the results can be accepted as conclusive. Perhaps this experiment will mean a rather extensive change in the content of subjects now given as the State Course of Study, for which reason the Department of Public Instruction shall be the authority for the proposed experiment.

#### Equalization Fund

Failure of the Legislature to provide a larger unit of taxation, so as to distribute the burden now resting heavily on farming, industrial and mining, and distressed districts, compels us to seek relief in some other manner. We therefore recommend an Equalization Fund, of approximately \$2,000,000 for the biennium, to be placed at the disposal of the State Council of Education, in order that this body may give a measurable degree of relief in districts of the Commonwealth which need assistance, that the children may have equal social and economic opportunities. This Equalization Fund of \$2,000,000 would include the \$1,200,000 already suggested for the schools in the farming districts, \$300,000 for the Council to provide aid in the vocational schools in mining and industrial communities (to carry out the program as outlined under the heading of Vocational and Technical Training) and \$500,000 for distressed schools. The past two sessions of the Legislature have provided some assistance for distressed schools but this is wholly inadequate to the necessities of the State. At the present time there are at least fifty school districts that are virtually bankrupt and unable to function, and hundreds of others that are so handicapped that they cannot do more than make a pretense to carry out the essentials of the State Course of Study.

## Negro Education

Our investigation leads us to believe that Pennsylvania is not prejudiced in the matter of employing Negroes for certain types of jobs, but this very open-mindedness entails on us a responsibility to help meet an economic situation that will become more pressing during the coming years. The Negro has become a large economic factor in our present-day civilization, and with increases in his population, there must be more jobs for him to fill. The impulse of higher living has made him an applicant for jobs and positions above the purely manual type. What is Pennsylvania doing to make the Negro economically fit for skilled trades and professions? A few teaching positions in the State are available to Negroes and opportunities are offered to prepare for this profession. However, it is the Negro citizenry that we must think of: what type of education and training, as a part of our educational system, shall be made available for the Negro to be better equipped to adjust himself happily or satisfactorily in a civilization already interminably complicated by racial factors? The committee recommends a study of this phase of education and training in the light of future economic developments.

## Unemployed Teachers

Much has been said recently about the number of prospective teachers who have been unable to secure positions for which they have been prepared. The committee has, therefore, attempted a survey of the situation as it affects the entire teacher training output of the State for the current year (1930). We realize our inability to secure definite information as it affects particular communities. Some of the wealthy and favored communities have a superabundance of applicants who desire to locate amid the most desirable educational opportunities, particularly in or near the large cities; on the other hand, in small and isolated districts, the school boards experienced difficulties in finding fully certified teachers. Due to splendid co-operation on the part of the Teacher Bureau, the State Council of Education, the State Teachers Colleges and the accredited colleges of the State, the committee has been able to make a complete survey of the situation as it affects a State-wide teacher situation, with the following results:

### (a) STATE TEACHERS COLLEGES

In 1930 (May to August), the thirteen State Teachers Colleges and Cheyney graduated in all curricula a total of 3639 young men and young women. Of this number 2956 were placed, and 683 were not located in teaching positions. This shows an 81% placement. (Exactly the same ratio holds in the two-year curricula.) Only two (plus) per cent. of the graduates due to various causes such as marriage, removal or additional study did not care to be placed, leaving 17% unplaced. The study shows 100% placement in the special curricula of Home Economics, Art, Commerce; almost 100% in the special curricula of Music, and in Health Education. The Junior High School curriculum shows 77% placed. It will therefore be noted that the lowest placement is in the Junior High School curriculum (which is on a four-year level) and in the two-year elementary school curriculum, showing a possible trend toward overcrowding in these fields; or, in other words, the teacher preparation in the more recent special fields of Art, Music, Home Economics, Commerce and Health Education, has not yet caught up with the State program for these fields. The tendency to overcrowd is in the fields where another important, but undetermined factor, enters, namely; during periods of economic depression many men and women who hold any type of teachers' certificate, perhaps obtained many years before on lower levels of preparation, again become applicants for teaching positions. Because they are usually older (with dependents) or more influential they frequently are the successful applicants. This situation leaves the younger college and normal graduates without places. The committee is unable to determine how many were thus affected this year, but believe that 5% to 10% is a safe estimate. Undoubtedly the same factor, in a slightly less ratio affects the teacher placement situation in the accredited liberal arts colleges. The committee wishes to call attention to the fact that the Teacher Training Schools of Philadelphia and Pittsburgh are not included in this study. These are highly particularized communities, and the graduates of their normal schools rarely become applicants for positions outside their city, or at least outside the immediate vicinity.

(b) LIBERAL ARTS COLLEGES ON THE ACCREDITED LIST  
OF THE STATE COUNCIL OF EDUCATION

The Committee had a 100% response from the accredited colleges, giving the exact information or a close estimate as revealed by their records. These colleges graduated (May to August) 3230 who were enrolled as prospective teachers—almost the same number as the State Teachers Colleges. The number placed was 2109, but the number desiring not to be placed was 338, giving a total of those desiring positions as 73%, and 10% not wanting positions, and 17% unplaced. This will be noted as being identical with the situation in the Teachers Colleges. With few exceptions the Liberal Arts Colleges train for high school positions and for special departments. The teacher unemployment condition, therefore, appears to be about the same in the State Teachers Colleges and in the Liberal Arts Colleges, and about the same ratio in the elementary field and in the secondary field.

The Commonwealth should always have a reserve of well trained and fully certified teachers of perhaps 10 per cent. of the annual output in order to provide for the continued turnover due to marriage, death, sickness, leaves of absence. The annual turnover in Pennsylvania has been reduced to an average of less than 8 per cent. It might be unwise to draw too restrictive conclusions from the survey thus made, but it is apparent that the trend shows definitely that serious consideration must at once be given to the significance of preparing too large an output of expensively trained teachers who have no prospect of entering gainfully into the profession of their choice.

The committee recommends: (1) That the Board of Presidents of the State Teachers Colleges, with the approval of the State Superintendent of Public Instruction, shall develop a program to limit the number of students to be admitted to these colleges, on the basis of the needs of the State; (2) Raising the standard of teacher preparation for elementary grades to four years. This will reduce the number of persons applying for admission to the Teachers Colleges, and will raise the standard of teacher preparation, as well as relieve a possible overcrowding in the profession; (3) That the State Council shall make a study of the unemployment situation as it appears to exist from the information disclosed in this report, and if the Council finds that the schools of education in the Liberal Arts Colleges are turning out an over supply of prospective teachers, the Council should consider the advisability of moving slowly in authorizing the establishment of new curricula in these liberal arts institutions. It appears that the time has arrived when the State Teachers Colleges and the accredited Liberal Arts Colleges should devote more definite attention to the quality of the product rather than to the quantity of the product looking toward teaching as a profession.



## SUMMARY OF RECOMMENDATIONS

### Vocational and Technical Training

1. Greater flexibility and variety in the high school curricula.
  2. Flexibility in vocational training—vocational classes in industrial plants.
  3. Development of foreman training program.
  4. Vocational training program for mining industry.
  5. Development of technical education.
  6. Educational program for those physically rehabilitated.
  7. Carfare and lunch service through a relief committee for unemployed attending vocational classes.
  8. Development of industrial education program through appointment of six district directors.
  9. Establishment of classes in standards of living and use of income for workers and home makers.
  10. Development of half-time continuation school attendance on voluntary basis through additional aid.
  11. General development of vocational training in continuation and vocational schools.
  12. Development of new types of vocational training facilities under direct auspices and control of the State Council of Education.
- Budgetary Requirements—(See Experimental Schools.)

### Labor Certificates

To be issued only after the supervising school officer has satisfied himself that the boy or girl of 14 to 16 has a job, and his help is needed in the family.

Budgetary Requirements—None.

### Education for the Readjustment of Adults

A State-wide, 10-year program to be launched to reduce illiteracy, and to instruct in conservation and thrift and to educate for the wise use of leisure.

Budgetary Requirements—(See Experimental Schools.)

### New Adjustments in Present Public School Curricula

Further study and tests to be made to eliminate wasted time and effort in the grades and the high school, and to vitalize the course of study.

Budgetary Requirements—Probably none.

### Experimental Schools

The State to sponsor through the State Council of Education various controlled tests to the mutual advantage of the community and of the individuals.

Budgetary Requirements—\$1,500,000.

### Equalization Fund

Sufficient financial aid from the State to equalize educational opportunities by means of the Experimental Schools in the farming, mining and industrial communities; and a general fund for distressed school districts.

Budgetary Requirements—\$1,500,000 for the Experimental Schools (listed above); and \$500,000 for distressed districts. Total, \$2,000,000.

### Negro Education

Further study to be made of the need for additional vocational training.

Budgetary Requirements—None.

### Unemployed Teachers

Restricting the admission of students, hence the output of all State-controlled and State-aided teacher-training institutions; and limiting the teacher-preparation curricula in the accredited liberal arts colleges.

Budgetary Requirements—None.



## RECOMMENDATIONS ON RELIEF METHODS BY THE SUB-COMMITTEE ON RELIEF TO THE COUNTY COMMITTEES

It is recognized as fundamental that in times of depression and unemployment there are certain functions which must be assumed by those concerned for the public welfare.

1. Acute need must be relieved at once regardless of residence.
2. Employment must be secured for those unemployed, and who are physically and mentally able to work.
3. Long distance planning must be undertaken:
  - (a) In order to provide a non-recurrence of the economic depression and unemployment;
  - (b) To set up machinery so that there shall not again be the uncoordinated scramble to find ways and means of meeting the situation.

Each County Committee on Unemployment must clarify its own thinking or program in order not to do damage which may be irreparable because of the utilization of unsound social methods. Sources of relief may be roughly grouped into *governmental* sources and *private* sources.

### Governmental Sources

There is danger of assuming that state and national government may be justly called upon to provide relief in circumstances such as we now face.

Only upon the basis of appropriations which will result in creating necessary employment; and in appropriations made to pension systems, already provided in law, is there any justification for assuming that national or state government will provide "grants in aid" to meet local needs.

Law, traditional custom, and good social practice make it a sound assumption that efforts looking to immediate relief by "grants in aid" should come from local official bodies authorized by law to render such assistance.

In the State of Pennsylvania the Overseers of the Poor, the Directors of the Poor, the municipal governing bodies, through their public welfare agencies have the right to provide, and are able to provide the necessary funds to meet the emergency, if properly administered.

The statement frequently made that overseers and directors of the poor are "not permitted" to do certain things on behalf of the needy, is usually not based upon law or fact, and the limitations under which they operate are rules or ordinances imposed by themselves which can be changed to meet changed social conditions.

A study made by the Pennsylvania Department of Welfare of the expenditures of Poor Relief Taxation over a ten-year period showed that more than \$100,000,000 were used for the purpose of indoor and outdoor poor law administration.

In the year 1923 outdoor relief to the amount of more than \$1,300,000 was expended and this sum was known not to represent the total of expenditures, since records were not available.

It was also shown that far too much money went into overhead administration as contrasted with the amount of actual relief rendered; for example, one overseer expended \$15.00 in outdoor relief during the year, and the cost of administering that expenditure, inclusive of his stipend was \$120.00. That kind of poor law administration is absurd and dangerous, and very costly to the taxpayer.

On the statute books of Pennsylvania are laws permitting counties to set up their poor law administration on a county basis, which is the sound method of administration for practical purposes.

### Private Sources

Relief from private sources has its origin in fraternal, religious, and private philanthropic undertakings. Private philanthropy is always pinched in a period of hard times, and is less well able to meet pressing and long term emergencies.

It is evident that a cooperative undertaking involving public charity and private charity is essential if emergencies, such as now exist, are to be met.

The county committees on relief, now being appointed by the Pennsylvania Committee on Unemployment, should serve to bring combined forces of public and private charity to a focus for intelligent planning and administration to meet the local needs. Watch for and suppress charitable rackets of all kinds.

This is no time for "part time" and uncoordinated effort! A competent, socially-minded executive, whose job it should be to promote coordination, is essential.

One pressing difficulty in some cities now is the number of floaters looking for work. Charity should go to those in need now but policies should look toward returning floaters to their legal residences.

The citizens should make their wish known to those responsible for appropriating funds in counties and municipalities for purposes of emergency relief, in order that there may be more adequate appropriations made for use during the winter.

A centralized clearing house should be set up for purposes of locating jobs, and these clearing houses should be both local, and on a county-wide basis. This would involve cooperation with employment agencies, public and private, and special effort on the part of the county committee itself.

A clearing house for the determination of actual need, and the elimination of undesirable duplication of relief should also be set up, and the mechanism of a social service exchange should be used both locally, and on a county-wide basis.

Administration of relief funds should be guided by sound social principles which were set up in the study made by the Department of Welfare and published in 1925 as Bulletin 21 of the Department.

### Principles Involved

1. Proper comprehension of family case work. Frequently this is available through a good private agency which the public officials can use, supplementing the funds of the private agency in order to enable them to secure sufficient personnel to handle the emergency.

2. Proper investigation of families to be aided. This does not preclude the provision of food, clothing and shelter immediately when needed, but the proper investigation should be carried on immediately thereafter, to determine the cause of the difficulty, the genuineness of the need, and the right method of relieving it.

3. Careful relief planning, with the family's rehabilitation as the ultimate aim. This is the essence of good family case work.

4. In the case of children, mental cases, and defectives, consult the State Welfare Department as to advice and procedure.

5. Follow-up work and supervision. There is no sense in providing grants in aid or grocery orders, or what not, and permitting these things to be provided indefinitely.

6. Close cooperation as between public and private agencies dealing with family problems. (The phrase "family problems" is not to be construed as exclusive of homeless men, "spinsters," and the aged.)

7. Keeping of adequate records. Bookkeeping of the human material is just as important as the accounting for funds spent, and failure to provide adequate records does not necessarily mean voluminous records which only clutter a file without giving a basis for action.

8. Employment of trained welfare workers to give their entire time to the relief situation.

It should be remembered that material relief is a two edged instrument, which unless carefully manipulated by skilled hands, will do more damage than good, and will create in a community complacent paupers who look to the public treasury for their maintenance.

Public and private relief should be administered on a constructive basis and jobs at normal rates of pay for the work done are better medicine than grants in aid.

Any national or state appropriations for construction programs, or in the pension fund, should be within the purview of the state and county employment committees, and every effort should be made to distribute as widely as possible in the territories most in need—these funds representing jobs that need to be done.

It should be remembered that "democracy" implies not only that we must care for the unfortunate, but that as far as possible each individual in a democracy shall bear his share of the burden of that democracy. We can, therefore, not afford as a democracy to permit this emergency to render any considerable number of our citizens to become dependent.

In the religious field there is much uncoordinated good intention. The county committees should strive to coordinate the good will of the churches in the collection of clothing, collection of funds, and a coordinated administration of these through the social service exchange, and the coordinated job-finding facilities.

The county committees should stimulate careful consideration by the schools of the needs of the children who are in attendance, and in order to minimize the grind of deprivation on these young lives, school luncheons should be provided and children representing special need should be followed back into their homes for constructive family case work.

#### To Summarize

1. The local committee should recognize that to them falls the responsibility of applying the good will of the community to those in need.
2. The major portion of relief funds necessary in any community should be provided by that community, and state and national grants should be considered only in terms of providing work on public projects that are needed.
3. To promote the public welfare in their community the committee should insure friendly coordination and cooperation between governmental and private agencies.
4. Where possible, a full-time worker, with an office location, should be designated as the executive of the county welfare committee.
5. The relief work should be done on a sound family case work basis, and major emphasis should be placed on finding work.
6. Governmental authorities, in their municipal and county fields, should be urged to make available out of tax moneys, the necessary funds to meet this emergency.
7. In cases where legal residence has not been established temporary aid should be given and then provision made after careful study to return such individuals at public expense to their legal residences, when investigation shows that this is advisable. Social workers should be reminded to seek aid and advice from the State Department of Welfare in mental cases, as to defectives, and as to children. Care will of course be used to take care locally of established families regardless of legal residence. The poor authorities will help in transportation.

















